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Prefatory Note.

The following articles by Mr. John Holt Schooling were originally published in the Pall Mall Gazette during October-December, 1903.

They are, as they profess to be, mainly statements of fact that relate to Mr. Chamberlain's proposal to defend British commerce, and to bring about the commercial union of the British Empire.

*It should now be stated that although full publicity was given in the Pall Mall Gazette to the many letters written by Mr. Schooling's opponents, not a single error has been detected in Mr. Schooling's statements of fact, which, be it noted, have the additional recommendation that they extend over continuous **periods** of years, and do not relate to isolated years selected to favour one side of the Fiscal controversy.*

All the figures have been condensed from the Board of Trade returns.

EDITOR, "PALL MALL GAZETTE."

January, 1904.

Mr. Chamberlain's Proposal.

By JOHN HOLT SCHOOLING.

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I.—THE MEANING OF OUR EXCESS OF IMPORTS.

FREE IMPORTERS say that the excess of our imports over our exports is the measure of our prosperity in commerce. This is a mistake. Many persons who are not Free Importers say that the excess of our imports over our exports is a "balance of trade" against us. Mr. Seddon, of New Zealand, has said that this balance of trade has to be paid by sending out of this country, year by year, so many "millions of golden sovereigns"—which is absurd. Truth in regard to the excess of our imports over our exports lies between these two extremes. And I will try to prove this. In the present controversy, we ought to have a clear view of this much-debated matter—the balance of trade.

In the first place, let us note that the value of our imports, as recorded in the Board of Trade returns, represents the cost, insurance, and freight of our imports. And that the value of our exports represents the cost of them, plus the charges of delivering our exports on board the ship. Thus, apart from any other reason, here is one reason why the value of our imports should exceed the value of our exports, without there being any "balance of trade" against us.

But there are other reasons why the value of our imports should exceed the value of our exports. Omitting minor things, we may say that our imports are paid for, or that they ought to be paid for, by the three following items:—

- I. By our exports.
- II. By our earnings as a sea-carrier, which come to us in the form of imports.
- III. By interest on British capital invested in foreign and colonial countries, which comes to us in the form of imports.

The above are the three legitimate ways of paying for our imports, and which will account for, and pay, a considerable excess of imports over exports.

But there is a fourth way of paying for a part of the excess of our imports over exports, namely:—

IV. By realisation of some of our foreign or colonial investments, the proceeds of the sale of such investment coming to us in the form of imports.

Now, if item IV. becomes operative, in this or that year, this fact would mean that a part of the excess of our imports over our exports is paid by us out of national capital, not out of national earnings.

It is difficult to know whether item IV. has become operative, for the trade returns contain no information on this very important matter, and other returns are not sufficiently conclusive. For example, although the income under "Profits from Colonial and Foreign Securities" has increased, we do not know how much of this income is due to the migration of British manufacturing capital into foreign countries for the purpose of supplying foreign markets from factories *inside* of foreign tariff walls, instead of from *outside* of those tariff walls. For this reason we cannot accept the conclusion jumped at by the Free Importers, that the increase in profits now mentioned proves that we have not been paying for a part of our excess of imports out of capital. This illegitimate and unsound way of paying for a part of our imports may easily be in operation without our knowing that it is operative.

There is reason to believe that of late years we have sold a large quantity of our investments in United States securities. If this is true, then we have paid for a part of our large imports from the United States out of capital, not out of our yearly earnings. And the same process may, or may not, have been going on in regard to our imports from other countries.

However this may be, it is clear that we are not justified in asserting as a fundamental truth that the excess of our imports over our exports is a sure measure of our prosperity. Neither are we justified in saying that this excess of imports is a "balance of trade against us," and that this balance is the measure

of our yearly indebtedness to countries with which we trade.

This present way of looking at the excess of our imports over our exports is wholly reasonable. It is very far removed from the hasty statements of persons who, like Mr. Seddon, rashly assert that our excess of imports is paid in cash by us, and it also avoids the unwarranted assumption of the Free Importers, who are sure that our excess of imports is the measure of our prosperity.

But the position here taken, although it is rational, is uncomfortable. For if we have been paying a part of the great excess of our imports from the United States out of capital, it is quite possible that we have been doing the same thing in regard to other countries. And the uncertainty of our position in this respect is increased by the fact that our exports even if viewed over a period of twenty years, are stagnant,* while our imports have grown at a vast rate.

Here is a statement of our total trade during the last ten years, 1893—1902. (*See the accompanying diagram.*)

Total Imports, Merchandise plus Bullion and Specie..	5,068
Total Exports, Merchandise plus Bullion and Specie..	3,461

Excess of Total Imports over Total Exports,
1893—1902..... 1,607

Thus, during the last ten years, the excess of our imports was 1,607 millions, or an average yearly excess of 161 millions. In the first year of the period, 1893, the excess of imports was 131 millions. In the last year, 1902, the excess of imports had grown to

* This matter is dealt with in Statement II.

184 millions. There is probably no material doubt but that a part of the above excess of imports—1,607 millions—was actually paid for by us by realisation of our investments in the United States. And the same thing may have been operative in regard to other countries.* This unsound way of paying for a part of our imports is now very much more than a mere possibility, and, this being so, it is obviously erroneous to say, as the Free Importers say, that the excess of our imports is the measure of our prosperity.

As our exports are the principal means by which we pay for our huge imports, and as our export trade can only be described as stagnant (despite the advance during the last two or three years), I suggest that the facts now shown afford good reason to modify our present fiscal system of free imports in favour of the preferential tariff desired by Mr. Chamberlain. The possession by us of a preferential tariff would certainly enable us to defend and to extend our export trade, which is, after all is said, the sheet-anchor upon which we must rely to pay for our vast and constantly increasing imports.

* NOTE.—I am aware that the increase in the produce of each penny of income tax is thought by some persons to prove that we can not have realised any of our capital. But this often-quoted "increase in the yield per penny of income tax" ignores the essential factor that the population who pays the tax has also increased. If we take into account the growth of population, as, of course, we must, we shall find that the produce of each penny of income tax, *per million of population*, has *decreased*—not increased. Here are the facts during 1883-1902:—

PRODUCE OF EACH PENNY OF INCOME TAX, PER MILLION OF POPULATION.			
Average yearly produce during 1833-1892	£55,980
" " " " " " " " " " " "	55,650
Decrease...	£330

This decrease is significant.—J. H.S.

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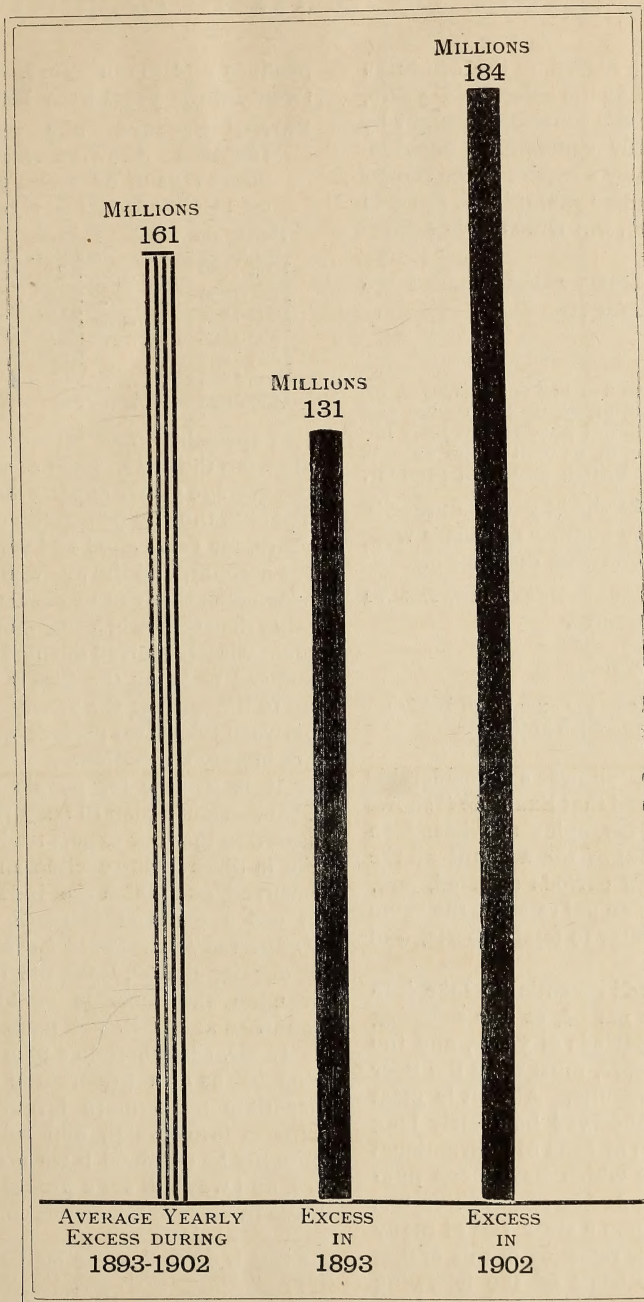
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The EXCESS of our TOTAL IMPORTS over our TOTAL EXPORTS, 1893-1902.



It is generally admitted that, in late years, we have sold a large amount of our investments in the United States. If this is so, the proceeds of these sales have come to us in the form of imports, and therefore, to the extent of such sales, we have been paying for some of our excess of imports out of capital, not out of yearly earnings. The same process may have been going on in regard to countries other than the United States, without our knowledge, for the trade returns do not give information as to our realisation of British capital invested abroad.

II.—THE STAGNATION OF BRITISH EXPORTS, 1880-1902.

MUCH of the controversy in regard to the condition of our export trade is caused by the selection of years, or of periods, which favour the conclusion sought by this or that exponent of our commercial position. The fluctuations in any country's export trade render this process easy. Here are two examples of selected periods, both fair to look at, but which give contradictory results :—

EXAMPLE A.—SHOWING A RESULT FAVOURABLE TO BRITISH EXPORTS.

During the three years	Average Yearly Exports. Millions of £.	
1855-57	134	These are the total exports, including exports of foreign and colonial goods previously imported, as well as the exports of British and Irish produce.
1865-67	228	
1875-77	264	
1885-87	274	
1895-97	292	

The above figures were published by one authority and pronounced misleading by another authority who, in place of them, stated the following results :—

EXAMPLE B.—SHOWING A RESULT UNFAVOURABLE TO BRITISH EXPORTS.

During the five years	Average Yearly Exports. Millions of £.	
1870-74	235	These are exports of British and Irish produce.
1880-84	234	
1890-94	234	

We see that Example A shows a considerable increase in our export trade, and that Example B shows absolute stagnation. Both examples are based on selected periods, both leave out of the account all the years intervening between the periods selected, and, moreover, the two statements do not relate to the same description of facts, for A relates to total exports, and B to British exports.

To me, it has always seemed essential to take into the account *all* the years of a period, as the selecting of single years, or of short periods of years, and the omitting of the intervening years, must open the door to all sorts of contradictory results. Also, it is most desirable to let the period observed be a fairly long period. My own examination of facts of international trade, some of the results of which have been published in various reviews, &c., during recent years, has nearly always been based upon a clear run of many years, without any selection or rejection of this or that year or period. This is the basis of the following statement concerning our exports of British and Irish

produce and manufacture. There is a clear run of twenty-three years from 1880 to 1902, inclusive.

BRITISH EXPORTS, NOT INCLUDING COAL,* DURING 1880-1902. SHOWING THE AVERAGE YEARLY AMOUNT DURING EACH OF THE FOURTEEN STATED PERIODS OF TEN YEARS. (See the accompanying diagram).

During the ten years	Exports. Millions.	During the ten years	Exports- Millions-
1880-1889	219	1887-1896	218
1881-1890	222	1888-1897	218
1882-1891	222	1889-1898	217
1883-1892	220	1890-1899	217
1884-1893	217	1891-1900	217
1885-1894	215	1892-1901	218
1886-1895	216	1893-1902	222

I specially direct attention to the above method of showing the facts. Each of the fourteen results shows the average yearly exports during a period of ten years. There is thus no possibility of selection of good or bad years, for years good and years bad are all taken into the account, and the average result shown. The only conclusion that can be drawn is that our export trade other than coal is in a stagnant condition. The improvement which occurred during 1900, 1901, and 1902 merely sufficed to bring the yearly average during 1893-1902 up to the level of the yearly average of 1881-1890, and between these two periods we see a material decline, not merely stagnation.

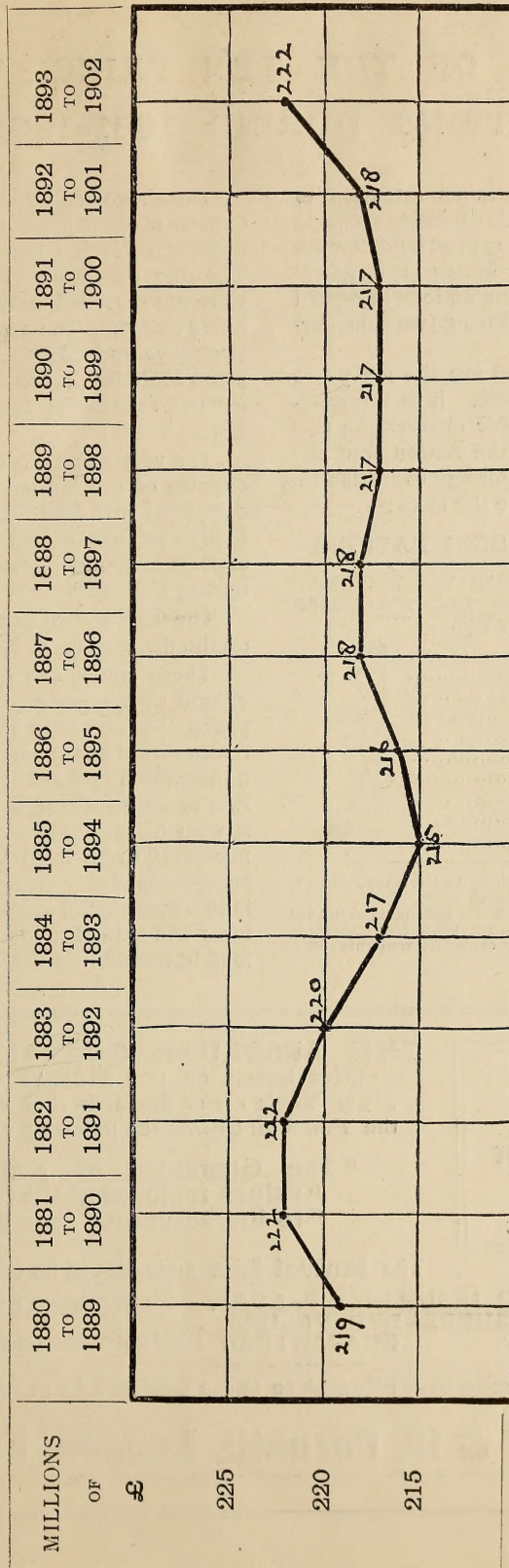
It is useless for people who are opposed to Mr. Chamberlain's plan to base their opposition upon the assertion that our export trade is in a sound condition. For in place of the decline and stagnation which have occurred, and which are indubitably proved, we ought to see a material increase, whether we base this "expected" increase in our exports upon the increase of our population, upon the increase in our imports, or upon the increase of buying power in foreign countries and in British possessions.

If Mr. Chamberlain's plan be adopted, the possession by us of a preferential tariff will enable us to negotiate for a more favourable admission of our exports into foreign and colonial markets than can possibly be obtained if we are content to go on as we are, and we shall see a proper expansion of our export trade in place of the stagnation of it.

* Coal is not included, for the reason that our coal exports are exports of national capital rather than of national manufacture. Ships are necessarily excluded, for the reason that prior to 1899 exports of ships were not included in our export returns.

THE STAGNATION OF BRITISH EXPORTS OTHER THAN COAL: 1880-1902.

Average yearly amount in millions during each of the fourteen stated periods of ten years.



New ships were not included in the returns of Exports prior to 1899, and they are therefore excluded from the years 1899-1902.

Observe that the above comparison of our exports of British and Irish produce and manufacture, other than coal, is specially reliable for the reason that *each of the fourteen results compared is the average yearly amount of these exports during a period of ten years.* This method excludes the possibility of any selection of good or bad years. [The average yearly amount of these exports during the twenty-three years 1880-1902 was 221 millions.]

III.—EXPORTS OF THE TEN PRINCIPAL TRADING NATIONS DURING 1881-1900.

IN connection with Mr. Chamberlain's intention to defend British commerce from the injurious effects caused by the simultaneous working of adverse foreign tariffs *plus* the British free import system, it is useful to compare the ten principal trading nations in regard to the increase in their exports during two considerable periods.

The two periods now compared are the ten years 1881-1890 and the ten years 1891-1900. It is not practicable to extend the period under observation to a year more recent than 1900, for the reason that the current official returns relating to foreign countries do not go beyond that year. Here are the facts:—

THE TEN PRINCIPAL TRADING NATIONS.

THE INCREASE IN EXPORTS DURING THE TEN YEARS 1891-1900, AS COMPARED WITH THE TEN YEARS 1881-1890. *Stated in millions sterling.*

United States	552
*Holland	352
Germany	197
Belgium	106
Austria-Hungary	71
Russia	69
France	55
Spain	45
†United Kingdom	37
Italy	28

* Some of Holland's nominal exports belong to Germany, and to other countries whose goods pass through Dutch ports.

† British exports of new ships and boats were not included in the returns prior to 1899. Therefore the value of ships, &c., exported during 1899-1900 (18 millions) is necessarily excluded from this comparison of increase in exports.

The above are "special" exports—that is to say, exports of home produce or manufacture, not including exports of foreign merchandise previously imported. The one exception is Spain, whose special exports were not recorded, only the general (or total) exports being stated. The result for Russia is based on the twenty years 1880-1899, instead of upon the twenty years 1881-1900, for the reason that the current official returns relating to Russia do not include the year 1900.

The very small increase of 37 millions in the special exports of the United Kingdom, during 1891-1900 as compared with 1881-1890, is due to a large increase in British exports of coal. Without coal exports, British exports of manufactures, &c., decreased by 48 millions during 1891-1900.

The facts shown in the above table are visualised on the diagram on p. 9.

These condensed results are based on facts that extend over twenty years and a wide area. They prove the necessity to take constructive action to remove from our export trade the serious handicapping under which it is now run. Mr. Chamberlain's intention to substitute a preferential tariff for our present system of free imports will supply us with the tool necessary to be used in clearing the way for a freer acceptance of British exports in outside markets. It is to be presumed—and hoped—that this preferential tariff will extend to manufactured goods as well as to food imported into the United Kingdom.

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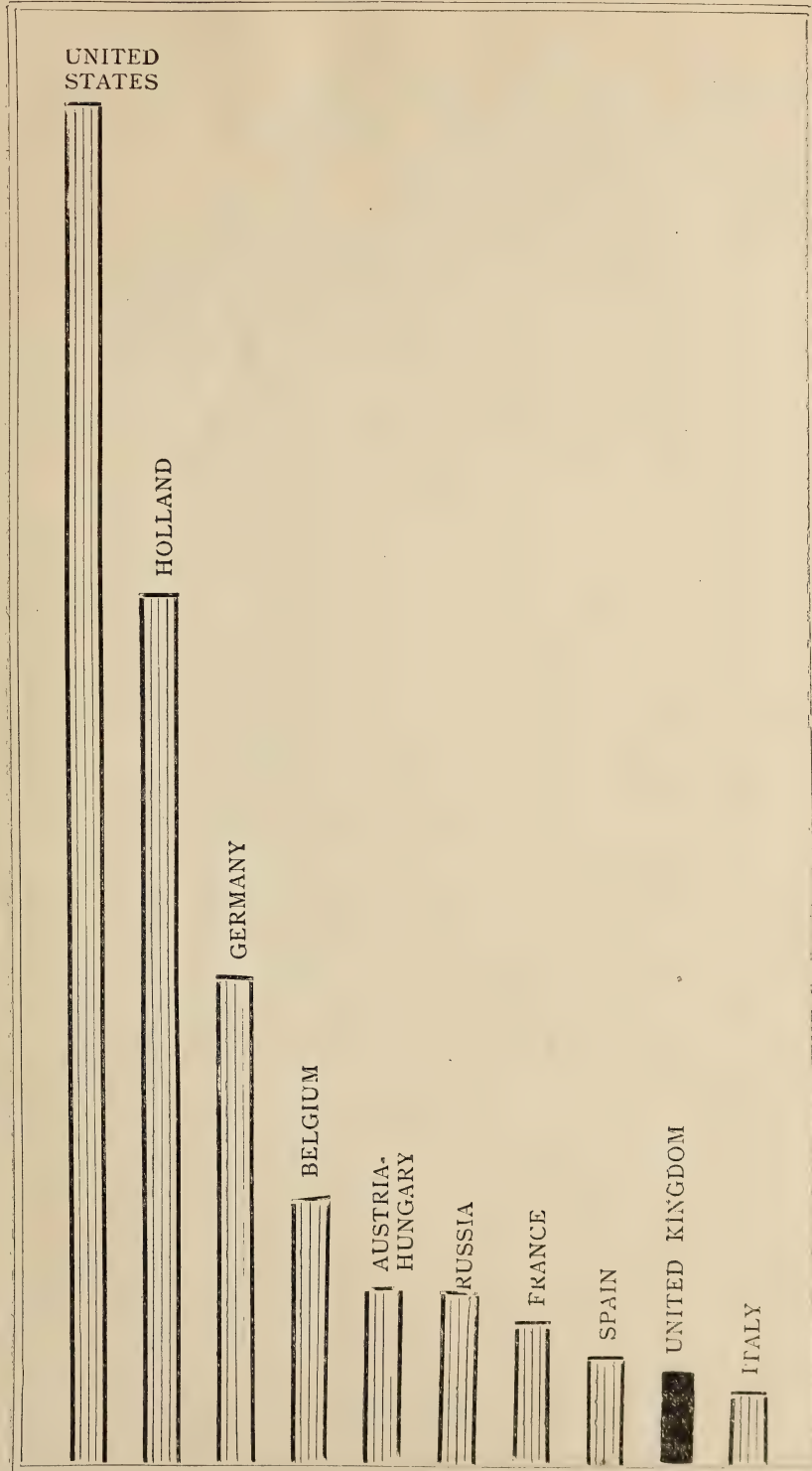
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INCREASE in EXPORTS during 1891-1900.



NOTE.—Some of Holland's nominal exports belong to other countries whose goods pass through Dutch ports. But the large increase in exports occurred, although it is not all Holland's.

IV.—IMPORTS BY BRITISH COLONIES AND POSSESSIONS DURING THE TEN YEARS 1891-1900.

A HOUSE of Commons Return, issued on August 13, 1903, shows the total trade of British Colonies and Possessions, during the eleven years 1890-1900,

With the United Kingdom,
With British Possessions,
With Foreign Countries.

This return contains facts that confirm an investigation made by me, and published in 1902,* the net result of which showed that foreign countries are cutting us out in our Colonial markets.

Here is a condensed summary based upon the Board of Trade Return now mentioned. I use the facts for the ten years 1891-1900, so as to get two periods of five years each.

The inclusion of the year 1890 would favour the result now to be shown, but it must be omitted, as I want for comparison two periods of five years each :—

A.—IMPORTS INTO BRITISH COLONIES AND POSSESSIONS DURING 1891-1895 AND DURING 1896-1900.

	1891-1895. Millions.	1896-1900. Millions.	Increase during 1896-1900. Millions.
From the United Kingdom	459	524	65
From British Possessions.....	139	178	39
From Foreign Countries	236	328	92
From All Sources	834	1,030	196

We see that during the five years 1896-1900 British Colonies, &c., increased their imports from the United Kingdom by sixty-five millions, an average of thirteen millions per year. But the increase of their imports from foreign countries was ninety-two millions, an average of eighteen and a half millions per year. Moreover, these are only the actual increases, indepen-

dent of volume of trade, which must be taken into the account if we wish to see the respective rates of progress made in Colonial markets by the United Kingdom and by Foreign Countries.

B.—PERCENTAGE OF INCREASE OF THE IMPORTS INTO BRITISH COLONIES AND POSSESSIONS DURING 1896-1900. (*See the accompanying diagram.*)

	Per Cent.
Imports from the United Kingdom.....	14 increase.
Imports from British Possessions'	28 increase
Imports from Foreign Countries	39 increase.
Imports from All Sources	24 increase

Imports from the United Kingdom into British Colonies, &c., increased by 14 per cent. during 1896-1900, as compared with 1891-1895.

Imports from British Possessions into British Colonies, &c., increased by 28 per cent. And the corresponding rate of increase made by Foreign Countries in our Colonial markets was no less than 39 per cent. Nearly three times as large as our own rate of increase in sales to British Colonies, &c.

Will those opponents of Mr. Chamberlain's proposal who insist that our export trade is in a sound condition assert that the above result confirms their opinion? It is surely a striking confirmation of the necessity that confronts us to take constructive action to prevent the continuance of this sliding away from us of our Colonial markets for our exports.

Mr. Chamberlain's plan will effect this most desirable result. For if we are to give to our Colonies a preference in our home market for their produce, they are to agree to give a preference in their markets to our exports to them.

Mr. Chamberlain's plan is a plain, businesslike proposal, bringing benefit to us and benefit to British Colonies. And the facts now shown prove that the proposal for commercial union with British Colonies has not been made before it is needed.

* The Monthly Review, January, 1902.

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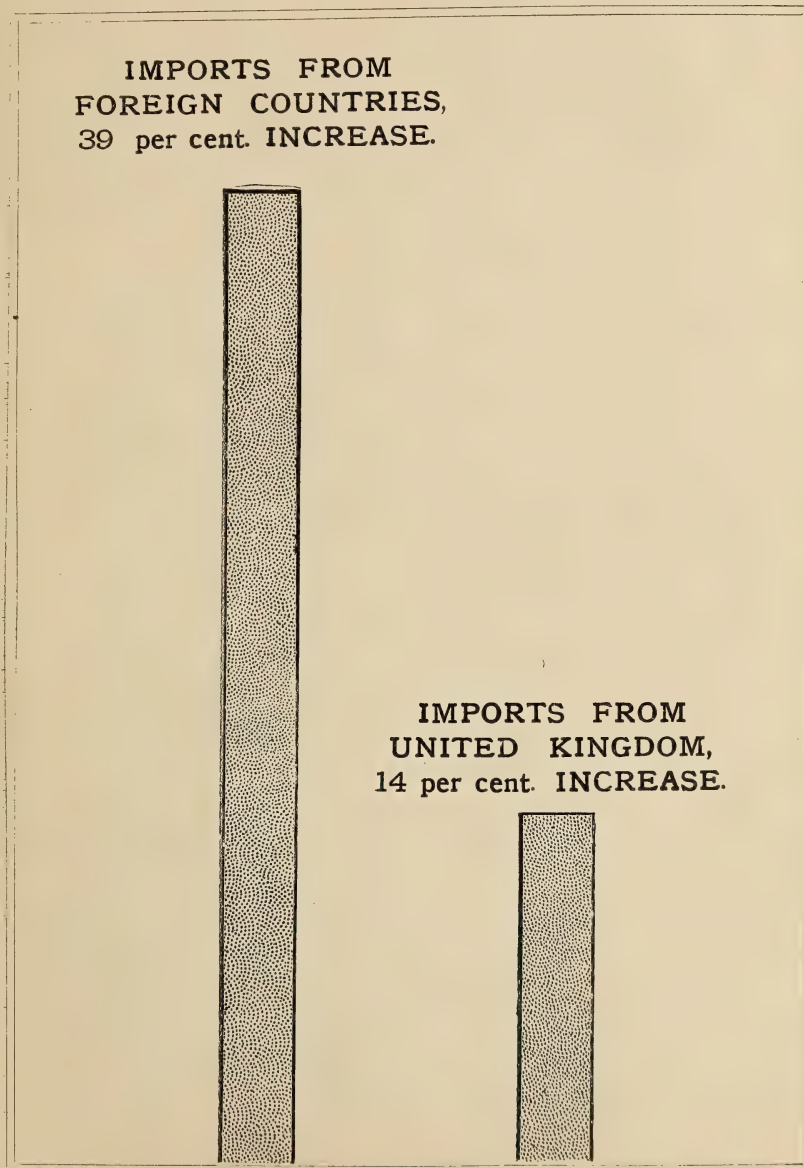
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Percentage of Increase in the IMPORTS INTO BRITISH COLONIES AND POSSESSIONS, during 1896-1900, from Foreign Countries and from the United Kingdom. (See Statement B.)



The height of each column represents the rate of increase during 1896-1900 in the *Imports into British Colonies and Possessions* from each of the two sources named. We see that Foreign Countries made much more progress than we made in the markets of British Colonies and Possessions.

V.—THE INCREASE OF PROTECTION BY FOREIGN COUNTRIES; 1880-1900.

USEFUL light may be thrown upon the present controversy if we look at the degree of Protection now considered essential by various foreign countries for the fostering of their trade, and also at the increase in the degree of Protection which has occurred during the last twenty years.

I will use the facts for the years 1880 and 1900, the latter year being the most recent for which information is given in the current Statistical Abstract for Foreign Countries.

As it would be immensely confusing to state the varying import duties levied by this or that country upon a host of different articles imported by them, I propose to take the much more simple course of comparing the total amount of import duties collected by a country, with the total amount of that country's imports for home consumption. This plan will not give the exact information of the more voluminous method, but it will give a clear general view, free from the confusing effect of detail.

Although we of the United Kingdom have not, as yet, decided to foster and to defend our trade from the artificial, non-natural competition of foreign countries produced by the mixture, adverse foreign tariffs plus our free import system, we have for a long while occupied a high place in the list of countries who collect import duties. But we have been content to levy these import duties almost entirely upon things that we eat, drink, and smoke—upon food, I suppose one would say, but for the prevalent superstition that we enjoy Free Food—rather than upon foreign manufactured goods that enter our ports. For this reason the United Kingdom is included in the following list of import duties collected by the ten principal trading nations of the world:—

A.—TOTAL AMOUNT OF IMPORT DUTIES COLLECTED BY THE TEN PRINCIPAL TRADING NATIONS IN THE YEARS 1900 AND 1880.

	In 1900. Millions.	In 1880. Millions.
United States	50.1	38.1
United Kingdom	25.2	19.4
Germany	24.7	7.1
Russia	*23.6	10.2
France	17.1	13.2
Italy	9.3	4.4
Spain	5.9	3.4
Austria-Hungary	4.2	2.2
Belgium.....	2.0	1.0
Holland.....	0.8	0.4

We see that in regard to the actual amount of import duties collected we occupy a very high place in the list. Our import duties on things that we eat,

drink, and smoke amount to a total which is second only to the large total of the import duties collected by the United States upon all their taxed imports.

But we must now ascertain the proportion between the amount of import duties collected and the amount of imports for home consumption by each country.

B.—AMOUNT OF IMPORT DUTIES COLLECTED, PER £1,000 OF IMPORTS FOR HOME CONSUMPTION,* IN THE YEARS 1900 AND 1880. AND THE RISE IN THE RATE OF PROTECTION. (See the accompanying diagram.)

	In. 1900. £	In. 1880. £	Rise in the rate of Protection since 1880. Per cent.
Russia.....	343	164	109
United States	299	278	8
Spain	156	136	15
Italy	137	92	49
France.....	91	66	38
Germany.....	86	50	72
Austria-Hungary	59	42	40
United Kingdom	55	56	—
Belgium	24	15	60
Holland	5	6	—
All the nine foreign countries not includ- ing the United King- dom	121	100	21

We see that during the last twenty years many formidable increases have occurred in the rate of Protection adopted by various foreign countries. Russia's increase is the highest, 109 per cent. increase upon Russia's rate of Protection in 1880. Germany's increase is 72 per cent. Belgium's increase is 60 per cent. Italy's increase is 49 per cent. Austria has increased her rate of Protection by 40 per cent. since 1880. France by 38 per cent. The United States have added 8 per cent. to their high rate of Protection current in 1880. Regarding all the nine foreign countries as one whole, the rate of Protection has increased by 21 per cent. since the year 1880.

This is what foreign nations have been doing to protect and foster their trade. Are we to believe that all these foreign nations, and many others not included in Table B, do not understand business as well as we understand business? If we look at results, one is inclined to think that they are better business men than we are.

Are we to continue to sit still under conditions such as these? If so, we shall be in the position of a complacent person who runs an old horse (a good one in its day) against a modern motor-car—to use the apt

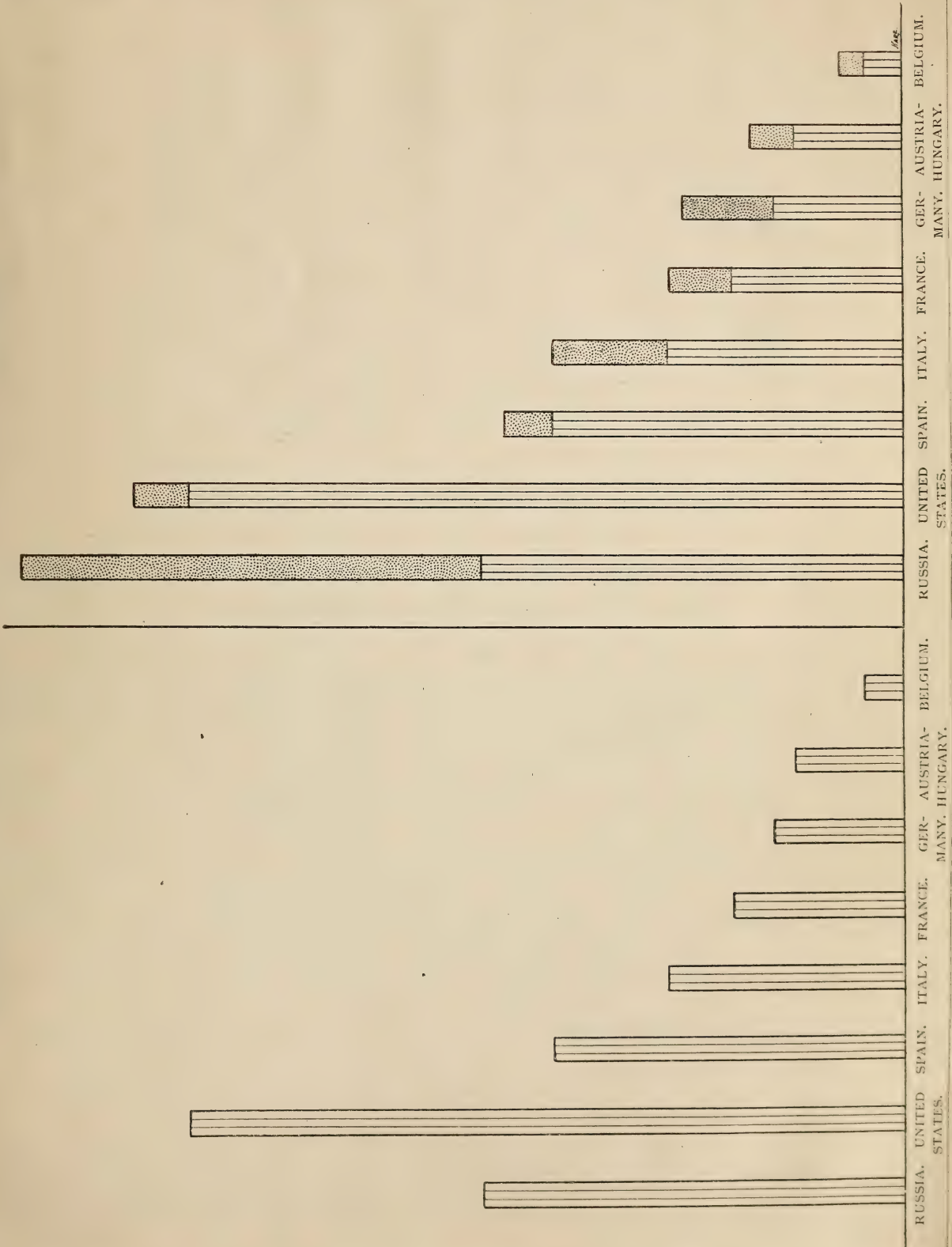
* This amount relates to the year 1889, Russia's amount for 1900 not being stated in the current official return.

* To avoid possible misconception, it may be well to say that "imports for home consumption" mean all imports of merchandise, &c. (not including bullion or specie), which are retained for use by this or that country, as distinguished from imports that are subsequently exported.

The Rates of Protection in force by foreign countries in 1880 and in 1900. (For the actual figures, see Table B.)

In 1880.

In 1900.



simile of Mr. Harold Tremayne, author of "Protection and the Farmer."

If, in accordance with Mr. Chamberlain's plan, we levy an import duty upon some food which we do not now tax, we can make things square to the consumer by taking off some of the millions of taxation shown in Table A (p. 12) which are now levied by us upon other articles of our bodily consumption. And these other articles are, moreover, largely consumed by the working classes. Our taxed imported food in 1902 included coffee, cocoa, corn (duty taken off in 1903), currants, sugar, confectionery, condensed milk sweetened, tea, tobacco, beer, wines, spirits; and the import duties amounted to over thirty millions.

In the light of these facts, it seems a farce to say that we have free food. Mr. Chamberlain's plan means merely an ADJUSTMENT of the taxation on food which we have levied for many years, and this adjustment can be made without adding one farthing to the net cost of food. And the possession by us of a preferential tariff would enable us to have something to say, and something to do, in regard to the building up

of foreign tariffs adverse to our export trade which has here been plainly evidenced.

NOTE.

Since the above statement was written, a recent Blue-book enables me to quote the following taxes upon our *Manufactured Articles only* which are at this time imposed by foreign countries when our manufactured articles enter their ports:—

Tax upon our Manufactured Articles.

Russia.....	£131	per £100	of their value.
United States ..	73	"	100
Austria	35	"	100
France	34	"	100
Italy.....	27	"	100
Germany	25	"	100
Belgium	13	"	100

These taxes upon our manufactured goods are very much higher than the general import duties stated in the article to which this note is appended. Hostile conditions such as these, and of this magnitude, were never dreamt of by the originators of Free Trade. Can we wonder that our Export trade has been slack—even stagnant—during the last twenty years!

VI.—OUR IMPORTS. DISTINGUISHING FOOD, RAW MATERIALS, MANUFACTURED ARTICLES, &c.

may be useful to look at the imports into the United Kingdom in various groups of imports, such as Food, Raw Materials, Manufactured Articles. In one of the Board of Trade Returns our imports are classified in this way, and by collating the facts for two periods of five years each we shall get a broad view of any material alteration that may have occurred in this or that group of our imports.

A.—IMPORTS INTO THE UNITED KINGDOM, CLASSIFIED. DURING 1891-1895 AND DURING 1896-1900.

Class of Imports.	During the five years		Increase or Decrease during 1896-1900.	
	1891-1895.	1896-1900.	Increase.	Decrease.
	Millions.	Millions.	Millions.	Millions.
Food and drink, including Tobacco	909	1,019	110	—
Raw materials for textile manufactures	376	359	—	17
Other raw materials and partly-manufactured articles	383	473	90	—
Manufactured articles.	341	438	97	—
Miscellaneous articles, including parcel post	80	82	2	—
Total Imports...	2,089	2,371	299	17
			Net Inc. = 282	

I take the facts for the most recent ten years for which the Board of Trade classification has been published—namely, 1891-1900. And the condensed results are shown for the two five-yearly periods 1891-1895 and 1896-1900.

We see that during 1896-1900 an increase of 282 millions occurred in our imports, an average yearly increase of 56 millions.

The only decrease in the five groups named in Table A was in regard to imports of raw materials for textile manufactures; a decrease of £17,000,000. This result confirms other results elsewhere shown by me during the last two or three years, pointing to the slack condition of our exports of textile manufactures, and from which I quote the following facts:—

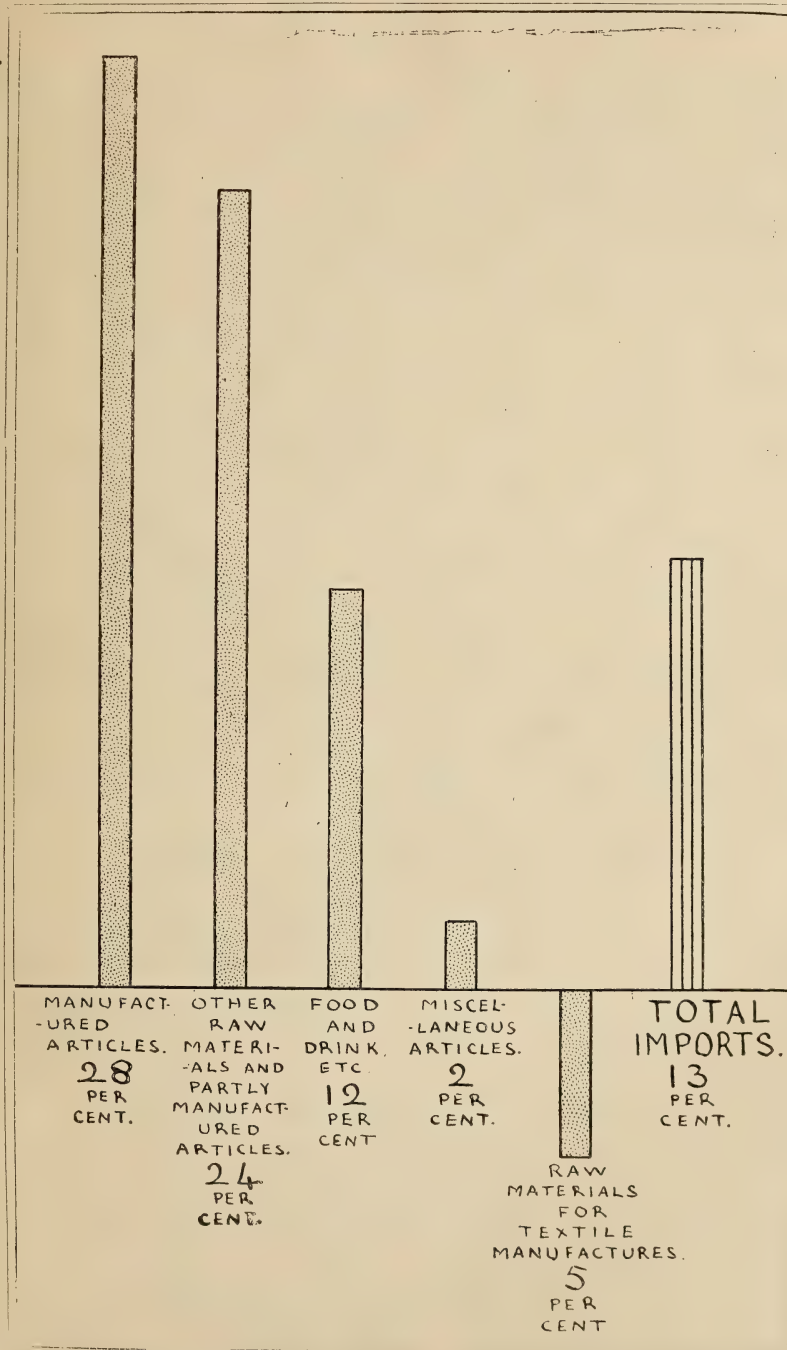
EXPORTS OF OUR PRINCIPAL TEXTILE MANUFACTURES.

	During 1891-1890.		During 1891-1900.		DECREASE during 1891-1900.
	Millions.	...	Millions.	...	Millions.
Cotton manufactures	728	...	667	...	61
Woollen and worsted manufactures	235	...	212	...	23
Linen manufactures..	65	...	59	...	6
Silk manufactures ...	30	...	19	...	11

All the other classes of imports in Table A increased during 1896-1900. There were large increases in "Food" (110 millions), in "Other raw materials and partly manufactured articles" (90 millions), and in

The percentage of increase or of decrease during 1896-1900 in each class of our imports, compared with the percentage of increase in our total imports.

(See Table B.)



We see that the percentage of increase in manufactured articles during 1896-1900 far exceeded the percentage of increase in our total imports, and that there was a *decrease* of 5 per cent. in raw materials for textile manufactures in place of an "expected" increase of 13 per cent.

"Manufactured articles" there was an increase of 97 millions.

But we must look at the facts in Table A from a relative, as well as from an actual, standpoint. Table B enables us to see the relative increase or decrease in each class of imports, as compared with the increase in our total imports.

B.—THE PERCENTAGE OF INCREASE OR OF DECREASE, DURING 1896-1900, IN EACH CLASS OF OUR IMPORTS, COMPARED WITH THE PERCENTAGE OF INCREASE IN OUR TOTAL IMPORTS. (*See the diagram on p. 15.*)

CLASS OF IMPORTS.	IMPORTS DURING 191-1895, BEING TAKEN AT £100.	THE IMPORTS DURING 1896-1900 were—
	£	£
Food and drink, including tobacco.....	100	112
Raw materials for textile manufactures	100	95
Other raw materials and partly manufactured articles	100	124
Manufactured articles	100	128
Miscellaneous articles, in- cluding parcel post	100	102
Total Imports	100	113

We see that our total imports increased by 13 per cent. during 1896-1900. Now let us note the increase or the decrease in each class of imports.

Imports of food practically kept pace with the rate of the increase in our total imports.

Raw materials for textile manufactures fell far short.

In place of an "expected" increase of 13 per cent., there was an actual decrease of 5 per cent.—a shortage of 18 per cent. during 1896-1900.

Our imports of other raw materials and partly manufactured articles increased by 24 per cent. This is an excess of 11 per cent. over the rate of increase in our total imports.

Our imports of manufactured articles increased by no less than 28 per cent. during 1896-1900. This is an excess of 15 per cent. over the rate of increase in our total exports.

The facts which have now been shown in regard to our various classes of imports, and especially the results that relate to the large fall in our imports of raw materials for textile manufactures, and to the large rise in our imports of manufactured articles, suggest that we cannot prudently continue our present trade policy. For these facts mean slack employment in our own country. We cannot shut our eyes to the altered conditions of international trade which have occurred since we first adopted our system of free imports. Our huge food imports, averaging 204 millions yearly, during 1896-1900, a large proportion of which is already taxed, afford ample opportunity for an adjustment of existing taxation on imports of food. This adjustment will not add one farthing to the net cost of living, and the making of it will give to us a Preferential Tariff, by which we shall be enabled to protect the interests of British commerce in home, foreign, and colonial markets and to secure the commercial union of the British Empire.

VII.—OUR IMPORTS OF WHEAT.

As one looks at the records of our wheat imports during the last thirty years, a very important fact comes out from the mass of figures relating to the nearly twenty countries that send wheat to us. This fact is the vast predominance gradually attained by the United States as a supplier of the wheat we consume. Russia, Germany, the Argentine Republic, and all other countries have been so outpaced by the United States in this matter of the supply of wheat to us, that at the present time nearly two-thirds of all our imported wheat comes from the United States.

We see that our wheat imports during 1898-1902 were 500 millions of cwt. ; 5,000,000 tons per year, or nearly 14,000 tons per day. And of this vast quantity of imported wheat no less than 81 per cent. came from foreign countries, and only 19 per cent. from British possessions, the United States sending 62 per cent. of the whole supply. And our wheat imports in 1902 were appreciably larger than the yearly average for the years 1898-1902.

Taking the facts for the last five years, 1898-1902, these give the following condensed result:—

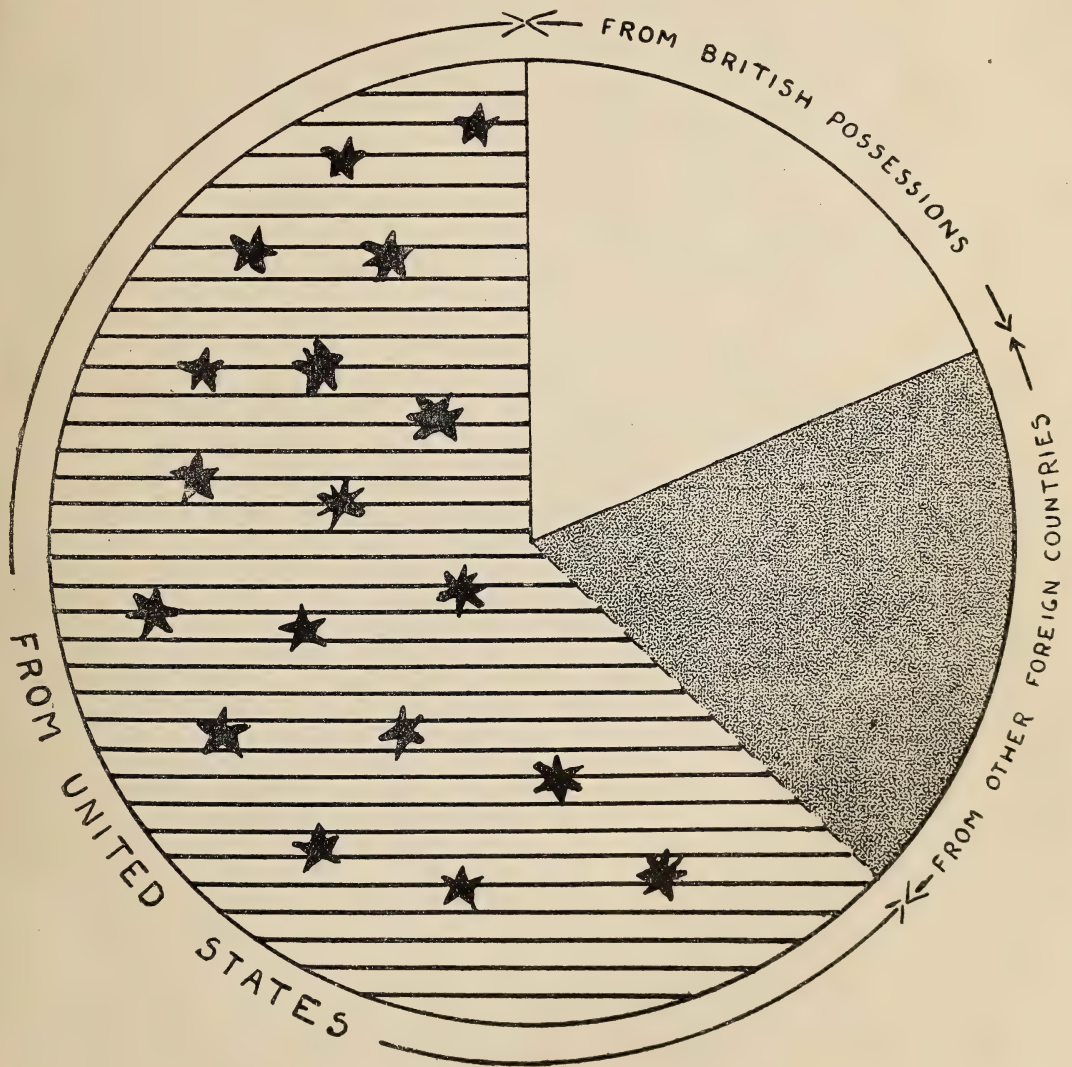
IMPORTS OF WHEAT AND WHEAT-FLOUR (IN EQUIVALENT WEIGHT OF GRAIN*) INTO THE UNITED KINGDOM DURING 1898-1902. (*See the accompanying diagram.*)

	Millions of Cwts.	Percentage of Total.
From the United States.....	311	62
From other Foreign Countries...	94	19
From all Foreign Countries	405	81
From British Possessions	95	19
Total Imports from all sources during the five years 1898-1902	500	100

Is this a safe position for us to occupy? It seems to me very far from being a safe position. We are not justified to assume a continuance of past conditions in regard to wheat production in the United States, and

* The meaning of these words is that, as one cwt. of wheat-flour cannot be produced from one cwt. of wheat in grain, the imports of wheat-flour have been converted into their equivalent weight of wheat in grain.

OUR IMPORTS OF WHEAT during 1898-1902.



wheat supply from them to us. I am not able to confirm or deny the alleged migration of American farmers into Canada; but facts are available to show that the top note of American wheat production has been reached, relatively to the population of the United States. Here is a summary of wheat production, per 100 of population, in the United States during 1876-1900:—

During.	Imperial bushels produced per 100 of the population of the United States.
1876-1880	824
1881-1885	789
1886-1890	718
1891-1895	716
1896-1900	714

We see from the above statement that the population of the United States is growing more quickly than their wheat production grows, the production per 100 of population having fallen from 824 bushels during 1876-1880 to 714 bushels during 1896-1900. The Americans consumed from two-thirds to three-quarters of this wheat production during the same period.

Sooner or later, American wheat will be wanted for American consumption, and long before this happens we shall feel the effect here in the shape of a permanently increased, and increasing, price of wheat imported from the United States—if we remain content with the present conditions of our wheat supply.

Quite apart from other advantages which Mr. Chamberlain's proposal offers when it is examined by the light of present-day facts, this proposal certainly shows the way to avoid the very real danger we are now incurring owing to our imprudent reliance upon the United States for our wheat. A danger that will come nearer to us year by year unless we take action to avoid it. For the adoption of Mr. Chamberlain's proposal would spread the area of our wheat supply more and more largely over British possessions than is the case at present. Also, our colonies would benefit by being given a preferential tariff for their food supply to us, and we should benefit by an increased demand for our goods in colonial markets. And our export trade needs all the encouragement we can find for it.

VIII.—THE PRICE OF IMPORTED WHEAT, 1871-1902.

It is now understood that a part of Mr. Chamberlain's proposal means the putting of an import duty upon wheat imported from foreign countries, wheat from British possessions coming in free of duty.

In this connection we may look at the price of imported wheat for the last thirty years, for the facts throw some useful light upon the controversy.

AVERAGE YEARLY PRICE OF IMPORTED WHEAT AND WHEAT-FLOUR (IN EQUIVALENT WEIGHT OF GRAIN)* DURING 1871-1902.—(See the accompanying diagram.)

During	s.	d.	
1871-1875	52	6	per imperial quarter.
1876-1880	49	4	
1881-1885	42	10	" "
1886-1890	33	8	" "
1891-1895	29	6	" "
1896-1900	30	0	" "
1901-1902	28	6	" "

The above prices relate to all wheat imported, and as 80 per cent. of this wheat comes from foreign countries, these prices will serve the present purpose.

It is not likely that the duty to be imposed upon foreign wheat will exceed 5s. per imperial quarter; it may be only 2s., as proposed by Mr. Chamberlain at Glasgow. But, taking 5s. as the maximum, we see that if we add 5s. to the average price during 1901-1902, 28s. 6d., the increased price becomes 33s. 6d.,

which is less than the low price during the five years 1886-1890. We did not then receive any benefit from the higher price of wheat, but there was no outcry. Now, if we put a 5s. duty on imported foreign wheat, the price will still be a low price, and the levying of this duty will bring to us certain definite benefits, some of which are as follows:—

There will be an increase in our exports to British possessions, for a part of the bargain to be made with the colonies is a more favourable admission by them of their imports from us.

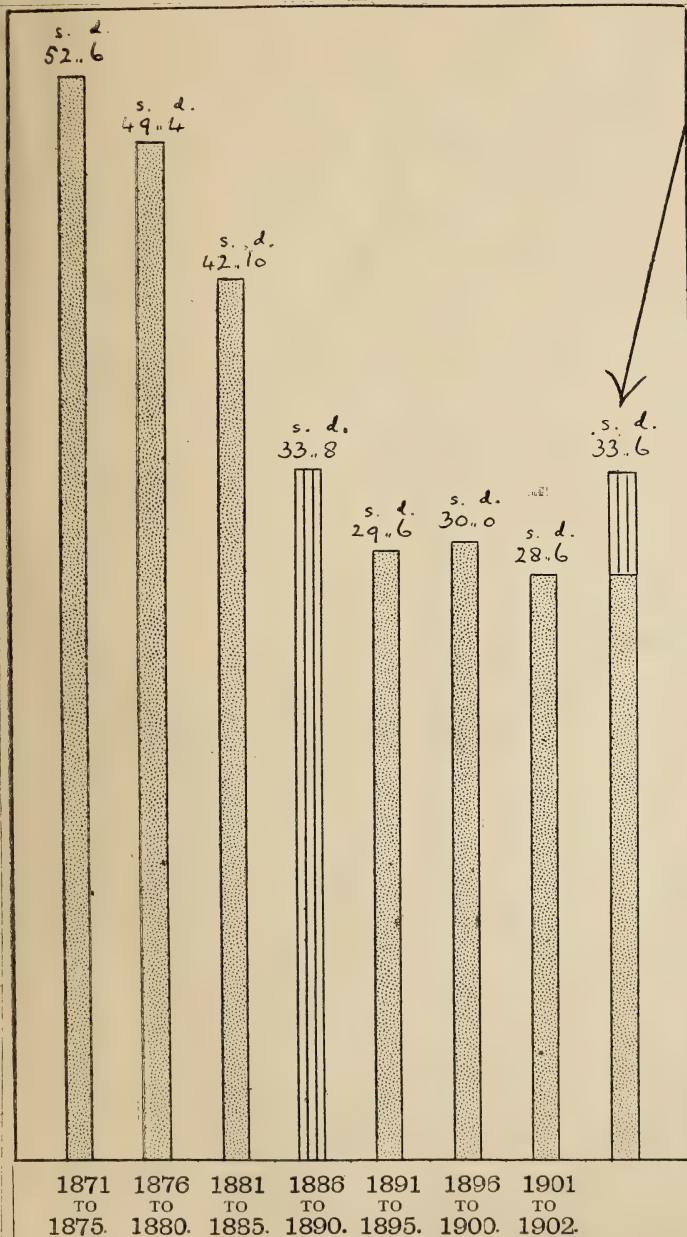
There will be an increase in our exports to foreign countries. If we possess a Preferential Tariff we shall possess a tool we urgently need to enable us to negotiate with foreign countries for a less disadvantageous reception by them of our exports to them. I may point out that since 1880 Russia has increased her rate of Protection by 109 per cent., Germany by 72 per cent., Italy by 49 per cent., France by 38 per cent., and that the United States have added 8 per cent. to their very high rate of Protection current in 1880.

At the present time, the tax imposed by the following nations upon our manufactured articles is as follows:—

Russia's tax is	£131	per	£100
United States' tax is	73	"	100
Austria's tax is	35	"	100
France's tax is	34	"	100
Italy's tax is	27	"	100
Germany's tax is	25	"	100
Belgium's tax is	13	"	100

* The meaning of these words is, that as one cwt. of wheat-flour cannot be produced from one cwt. of wheat in grain, the imports of wheat flour have been converted into their equivalent weight of wheat in grain.

The average yearly price of Imported Wheat, per Imperial Quarter, during each five-yearly period from 1871-1900, and also during 1901-1902.



ADD 5s. 0d. TO

the average price of imported wheat during 1901-1902, and the total is 33s. 6d., or less than the LOW average price during 1886-1890.

Then, we had no Benefit from the higher price of Wheat, but there was No Outcry.

NOW, this addition of 5s. 0d. will give to us the Benefits stated in the text, and also the whole of the 5s. 0d. duty on imported foreign wheat can be at once given back to the people by a reduction of taxation on food now taxed.

The outcry against "Dear Food" is a mere bogey, and it is based upon misapprehension of fact.

Mr. Chamberlain is the last man in the world to seek to raise the Net Cost of Food by a single farthing. He has most clearly stated that the adoption of his policy will reduce the net cost of food, and this—thank goodness!—at the expense of foreign nations who will have to pay a toll to us for the use of our markets.

NOTE.—The above addition of 5s. 0d. per Quarter upon imported foreign wheat is assumed as the maximum. The duty we may be asked actually to levy may, very likely, be only 2s. 0d. per Quarter, as proposed by Mr. Chamberlain at Glasgow.

Can we wonder that our export is slack when it has to face conditions such as these?

These two benefits mean increase of employment here, and probably an increase in wages, for there will be increased security for capital if capitalists feel that we are at last taking action to foster our trade, and to defend it from the complicated tricks of foreign nations, who have taken full advantage of the opportunity given to them by us to benefit at our expense.

There will be more safety in our wheat supply. For in place of continuing to rely almost entirely upon foreign countries for our wheat, and, to an imprudent extent, upon the United States, we shall spread the area of our wheat supply much more largely over British possessions than is possible if we adhere to our present trade system of Free Imports.

We shall secure the commercial union of the British Empire, which will be much stronger if bound together by common interests than it will be if left unbound in many separate parts. Moreover, if we do not make a business treaty with our colonies there is a distinct probability that they will make a business treaty with foreign countries—to our detriment.

It is impossible to say what is the present margin of profit made by our wheat suppliers in the United States, in Russia, in the Argentine Republic, and in

other foreign countries. But it is practically certain that these foreign wheat suppliers would prefer to reduce their margin of profit as an alternative to losing sales in a market so very important to them as our market is. If so, the foreign producers of the wheat we consume would pay, at the least estimate, a part of the duty to be levied by us. They paid the shilling duty levied in 1902.

Foreign countries must sell their wheat to us, for their other customers are small buyers compared with the United Kingdom. Moreover, foreign wheat producers cannot put their wheat upon other markets without having to encounter a much higher import duty than the very moderate duty Mr. Chamberlain would levy. For example, the import duty on wheat per quarter is 13s. in Italy, 12s. 2d. in France, 8s. 2d. in the United States, 7s. 6d. in Germany, 3s. 3d. in Austria.

The outcry about taxed food is very largely due to a misapprehension of fact. Mr. Chamberlain does not mean to add one farthing to the net cost of living, and the realisation of his proposal would entail merely an adjustment of existing taxation on food (which we have had for many years), not an increase in the cost of living. Mr. Chamberlain's Glasgow proposal means, indeed, an actual reduction in the net cost of food.

IX.—OUR TAXED FOOD, 1898-1902.

DURING the last five years the Customs have received more than 133 millions sterling in the form of import duties upon food, including as food things that we eat, drink, and smoke. Here are the items:—

CUSTOMS DUTIES ON IMPORTED FOOD RECEIVED DURING 1898-1902.

Tobacco.....	£59,073,000
Tea.....	26,256,000
Spirits.....	24,259,000
Sugar, including condensed milk sweetened.....	10,078,000
Wine.....	7,585,000
Corn.....	1,883,000
Cocoa.....	1,102,000
Raisins.....	1,018,000
Coffee.....	1,001,000
Currants.....	525,000
Plums and Figs.....	405,000
Chicory.....	272,000

£133,457,000

NOTE.—The above receipts from corn duty cover part of one year only, from April 15 to December 31, 1902. The above receipts from sugar duty cover the period from April 19, 1901, to December 31, 1902—less than two years. All the other Customs receipts from import duties ran over the whole period—1898-1902. The corn duty was taken off in 1903.

If the above facts do not mean that already we have "taxed food," and to a material extent, what do they mean?

If it be said that these are taxes on luxuries, one can only say that the working classes are the largest consumers of these "luxuries" (?), and that, with the exception of wine, these are articles of daily bodily consumption by the people of this country.

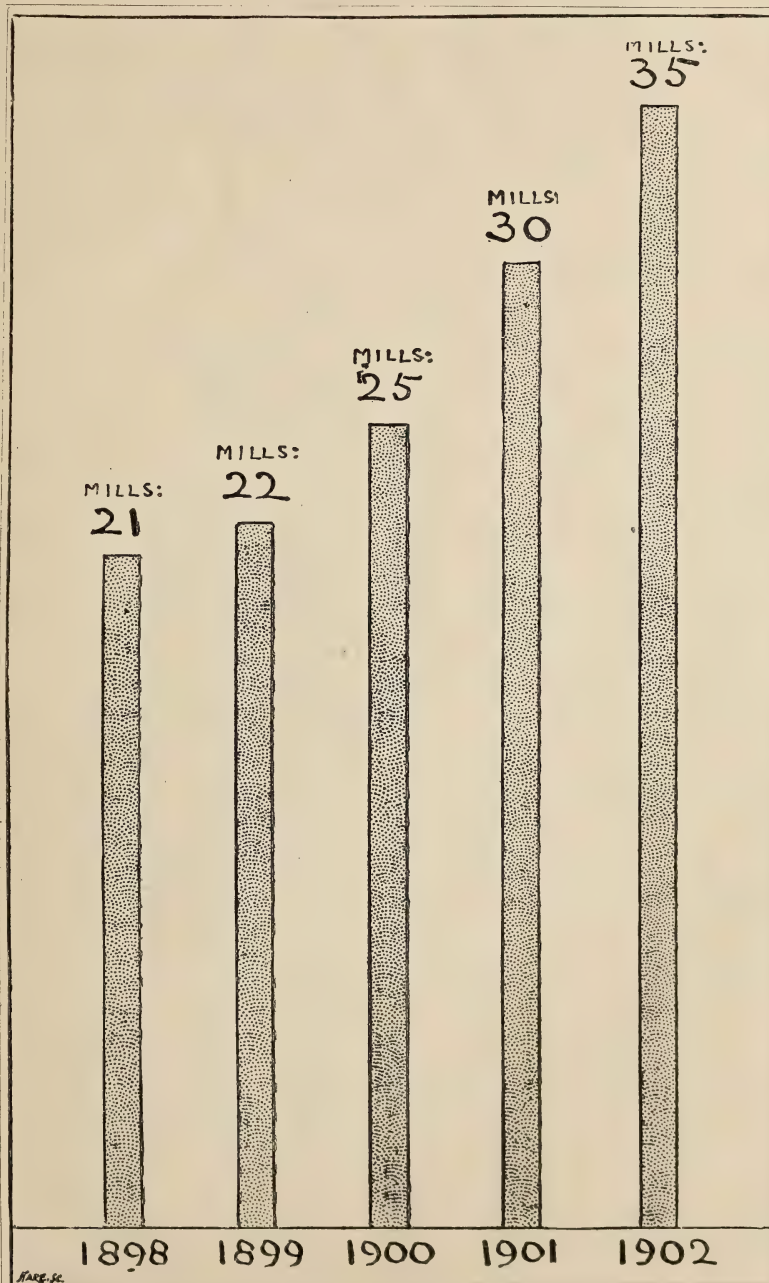
It is most absurd gravely to assert that we now have Free Food, and that our Free Food must at any cost be preserved inviolate from "Mr. Chamberlain's attempt to tax the food of the people," when the food of the people is already taxed, and has been taxed for years, to a very appreciable extent. Moreover, no account is taken throughout this statement of the heavy Excise taxation on beer and spirits.

Looking at the value of these taxed food imports side by side with the Customs duty received as taxation on these food-imports, the facts are as follow:—
(See the accompanying diagram.)

Years	Value of taxed Food Imports (a). Millions.	Customs Duties received on the Food Imports (a). Millions.	Percentage of Customs Duties received on value of taxed Food Imports (a). Per cent.
1898	30.8	21.3	69
1899	31.6	22.0	70
1900	31.8	25.2	79
1901	42.6	30.1	71
1902	97.1	34.8	36
	233.9	133.4	57

The Yearly Amount of Customs Duties received on Imported Taxed Food,
1898—1902.

Stated in millions sterling.



The above Customs duties on imported food include the duties on all our taxed imports which we eat, drink, or smoke. This classification accords with that of the Board of Trade Returns, which show our imports under the various heads, food, raw materials, manufactured articles, &c.

During the years 1898-1901 the percentage of Customs duties on the value of taxed food imports ranged from 69 to 79 per cent. of that value. In the year 1902 this percentage fell to 36, owing to the inclusion of the value of taxed corn imports.

We see that not only is a large quantity of our imported food taxed, but that it is also heavily taxed. During the whole five years 1898-1902, the value of taxed food imports was 234 millions, and the amount of Customs duties on this imported taxed food was 133 millions, or 57 per cent. of the import value of the taxed food.

The facts now shown prove that there exists ample opportunity to adjust the existing taxation on our food,

for the purpose of securing mutually preferential trade with our colonies, and a weapon of commercial negotiation with foreign countries. Mr. Chamberlain has explicitly stated that his proposed policy will not "increase in the slightest degree the cost of living of any family in this country." The Free Traders of today seem to be possessed by a mania or frenzy for calling things "free" which are not free. They call our present system Free Trade, when, as a matter of fact, our trade is hampered in nearly every market of the world by adverse tariffs. They say we have Free Food, when, as now shown, we raised 133 millions of taxation on our imported food during the last five years.

X.—THE INCREASE IN THE COST OF PAUPERISM, 1880-1901.

SIR HENRY CAMPBELL-BANNERMAN speaking at Perth on June 5, 1903, after extolling the blessings brought to us day by day by Free Trade—as he calls our system of Free Imports—went on to say: "In this country, thanks to the investigations of Mr. Rowntree and Mr. Charles Booth, we know that there are about thirty per cent. of the population underfed and on the verge of hunger, and that meant something over twelve millions" [of our population].

Experience of Sir Henry's utterances during the war does not encourage one blindly to accept his statements in regard to the Fiscal problem, and, as a matter of fact, I believe that Mr. Booth has publicly contradicted Sir Henry Campbell-Bannerman's words now quoted, or, at any rate, has qualified them.

But there is some reason to think that our working classes have begun to feel the pinch caused by our stubborn adherence to a trade policy which is quite out of date, and hopelessly out of touch with the modern conditions of international trade which confront us. For example, here is a summary of the cost of Poor relief during 1880-1901 per 1,000 of population:—

For the years ended March 25.	*Cost of Poor Relief, per 1,000 of the population. £	*Actual Cost of Poor Relief in Millions sterling. Millions.
1880	316	8.0
1883	317	8.4
1886	305	8.3
1889	297	8.4
1892	304	8.8
1895	327	9.9
1898	347	10.8
1901	376	12.1

We see that there has been a large increase in the cost of Poor relief, especially since 1889, not only in the actual money paid, but in the cost of Poor relief per 1,000 of the population. The latter is the proper test, for we should in any circumstances expect an increase in the actual cost of pauperism, owing to growth of our population. (See the accompanying diagram.)

* These figures relate to England and Wales, the facts for the rest of the United Kingdom not being similarly recorded.

In 1889 the cost of Poor relief, per 1,000 of population, was £297. In 1901 the cost had risen to £376 per 1,000 of population.

We may bear in mind that these results rest upon a broad base of fact, and it is also worth noting that this increase in the cost of Poor relief coincides, in time, with other broadly-based and unsatisfactory results of an extensive investigation of our commerce during the last twenty years, which have been published by me during the last two or three years.

If we look at the number of adult able-bodied indoor paupers in workhouses per 100,000 of the population, we find that in the year 1890 there were 90 of these paupers, and that in the year 1902 there were 121 of these paupers, with an intervening increased rate during 1894-1898 of no fewer than 129 paupers of this class per 100,000 of population.

The facts now shown certainly suggest that Sir Henry Campbell-Bannerman's "daily blessings of Free Trade" do not reach the people, even if they reach Sir Henry Campbell-Bannerman. And these results concerning the increase in pauperism are only some of a great many uncomfortable and unsatisfactory results that come to light when one really examines present-day facts as they are, apart from any consideration of what they ought to be according to the theories of economists, who consider that in 1846 we settled once for all the policy by which we are to conduct our commercial affairs.

If we establish a preferential tariff we shall be able to trade in mutually preferential conditions with British colonies, and we shall be in possession of an instrument that will enable us to negotiate with foreign countries to our advantage. At present all the advantage rests with the foreigner. No bargain with him is possible, owing to our system of free imports.

And let us bear in mind that Mr. Chamberlain has explicitly stated that "there is nothing in the policy of Tariff Reform which I have put before the country which need increase in the slightest degree the cost of living of any family in this country." For my own

In 1889, the Cost of Poor-Relief, per 1,000 of Population, was £297.
In 1901, " " " " was £376.

XI.—AN ASTONISHING COMPARISON.

THE most notable trade Blue-book of recent years is marked "Cd. 1761. Price 3s. 6d." It is the one that contains the results of the Trade Inquiry.

An hour or two spent upon pages 6 and 97 of this book produces the following condensed results, which I commend to the notice of the opponents of tariff reform :—

A.—SOME FACTS OF THE UNITED KINGDOM'S IMPORTS AND EXPORTS DURING THE TWENTY YEARS 1883-1902.

[See the accompanying diagram.]

Description of Facts Observed.	During the ten years 1883-1892.	During the ten years 1893-1902.	INCREASE during 1893-1902.	
			Actual Increase.	Percentage of increase.
	Millions.	Millions.	Millions.	Per cent.
Total Imports ...	3,995	4,652	657	16.5
Total Exports of British Produce	2,341	2,454	113	4.8
Imports of Manufactured and partly Manufactured Goods	904	1,247	343	37.9 X
Exports of Manufactured and partly Manufactured Goods of British Production	2,053	2,061	8	0.4 X
Exports of Coal	133	217	84	63.1
Exports of British Produce other than coal	2,208	2,237	29	1.4

The facts in the book exclude the value of ships exported, for the reason that exports of ships were recorded for the first time in 1899. (The value of ships exported during 1899-1902 was 33 millions).

Table A gives a good deal of information, actual and comparative.

In the first place, we have the facts observed during a clear run of the most recent twenty years, without any picking and choosing of years—a most misleading practice.

Then we see that our imports during the latter ten years increased by 657 millions, or by 16.5 per cent., while our exports increased by only 113 millions, or by 4.8 per cent.

Also, we learn that our imports of manufactured and partly manufactured goods increased by 343 millions, or by 37.9 per cent. And that British exports of manufactured and partly manufactured goods increased by—how much? By just 8 millions, or by less than $\frac{1}{2}$ per cent.!

Distinguishing our exports of coal, we find that our coal exports increased by 84 millions, or by 63.1 per cent. And that exports of British produce, excluding coal, increased by 29 millions, or by 1.4 per cent.

These incontrovertible facts constitute a condition that does most gravely threaten our future welfare. Look again at this comparison :—

	Millions.	Per Cent.
Increase during 1893-1902 in our IMPORTS of Manufactured Goods, &c.	343 or	37.
Increase during 1893-1902 in our EXPORTS of Manufactured Goods, &c.	or	0.4

Can any reasonable human being—other than the fourteen professors—assert that these facts do not mean a great loss of employment and of wages to our workmen? And yet, I suppose that the opponents of tariff reform will still continue to assert that our trade is in a most flourishing condition, and that our workmen will not receive benefit from the adoption of Mr. Chamberlain's proposal.

XII.—OUR COTTON INDUSTRY: 1883-1902.

MY LAST article showed that in regard to all manufactured and partly manufactured goods during the ten years 1893-1902, as compared with the ten years 1883-1892, our exports of those goods increased by eight millions—and that our imports of those goods increased by 343 millions.

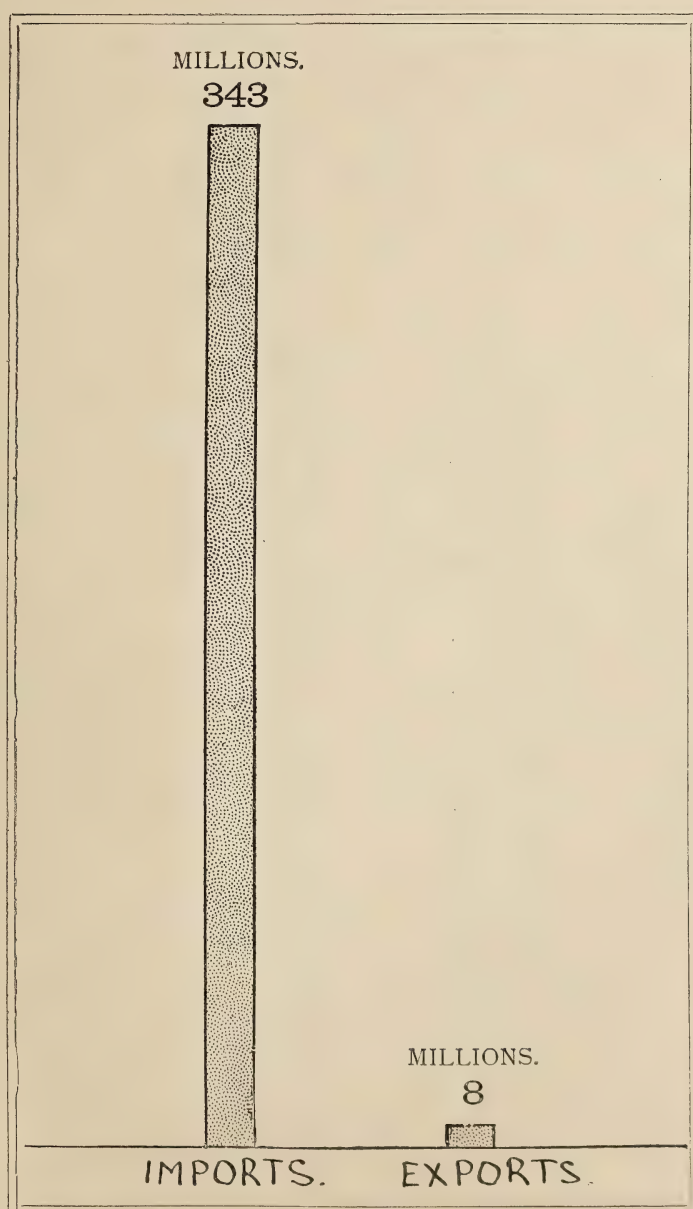
From this fact I drew the inference that a large loss of wages and of employment by British workmen has resulted. For I am not able to accept the soothing words of the Free Importers to the effect that if this

or that manufacturing industry is being damaged by our present system of trade, the men and the capital employed in that damaged industry merely have to change the place and the nature of their employment.

Do you remember a game called "General Post," played by many of us when we used to go to juvenile parties?

The children sat all round the room on chairs, and a blinded "postman" stood in the middle. At a signal, two children tried to change places without

An Astonishing Comparison. Being the INCREASE in our IMPORTS of MANUFACTURED and partly manufactured GOODS during 1893-1902, compared with the increase in our exports of manufactured and partly manufactured goods during 1893-1902. [See Table A.]



being caught by the blinded postman. Now, this may be a very amusing game for a children's-party, but one hesitates to apply the rules of this excellent game to British commerce, especially as the blinded postman is, in the game of British commerce, represented by several very wide-awake foreign "postmen," who manage to catch us every time as our men and capital try to change their places in accordance with the sweetly simple directions of the Free Importers.

I am now to deal with some of our industries in more detail than is given by the condensed fact stated in the first paragraph. And I begin with cotton, which is our leading manufacturing industry. There are three occupations which rank above cotton in regard to the number of persons employed—namely, agriculture, building, and coal mining; but cotton is the first of our manufacturing industries. Therefore, let us begin with cotton, and look at the facts during the most recent twenty years, 1883-1902. We will not have any picking-out of this or that year—a most misleading habit.

Here is a summary of the facts in regard to cotton during the last twenty years:—

A.—A SUMMARY OF OUR IMPORTS AND EXPORTS OF COTTON DURING 1883-1902.

[See the accompanying diagram.]

DESCRIPTION OF COTTON IMPORTS AND EXPORTS.	DURING THE TEN YEARS,		INCREASE OR DECREASE DURING 1883-1902.	
	1883-1892.	1893-1902.	Increase.	Decrease
	Millions.	Millions.	Millions.	Millions.
Cotton Manufactured Goods:				
Our Imports	23	40	17	—
Our Exports (British)...	592	584	—	8
Our Exports (Foreign and Colonial).....	5	5	—	—
Cotton Partly Manufactured Goods [Yarn].				
Our Imports	5	3	—	2
Our Exports (British) ...	119	88	—	31
Our Exports (Foreign and Colonial).....	—	—	—	—
Cotton Manufactured and Partly Manufactured Goods:				
Our Imports	28	43	15	—
Our Exports (British) ...	711	672	—	39
Our Exports (Foreign and Colonial).....	5	5	—	—
Raw Cotton:				
Our Imports	416	348	—	68
Our Exports (British)...	—	—	—	—
Our Exports (Foreign and Colonial).....	49	45	—	4

NOTE.—Our exports of "Foreign and Colonial" Cotton are inserted for the sake of completeness of statement. They mean exports of cotton previously imported by us.

Cotton is not usually regarded as one of the British industries that has become slack by reason of our

antiquated method of trade, nor is it here picked out as a typical illustration of the injurious effects caused by the combination we have been taught to love—Free Imports *plus* Taxed Exports. As cotton comes first on the list of British manufacturing industries, so I first show the cotton facts.

But even in cotton there are some unsatisfactory results.

Looking at cotton manufactured goods we see that our imports increased by seventeen millions, and that British exports decreased by eight millions.

As regards partly manufactured cotton goods (yarn), British exports fell off to the extent of thirty-one millions.

And taking all cotton goods, manufactured or partly manufactured, British exports decreased by 39 millions, while our imports increased by 15 millions. This result is far from satisfactory, especially as it is based upon a long period during which we might reasonably expect to see a considerable increase in our cotton exports in place of this fall of 39 millions.

But our imports of manufactured cotton goods come in free, while our exports of manufactured cotton goods are taxed by foreign nations.

Look, too, at raw cotton. Our imports fell off by no less than 68 millions. Surely this means slack employment and slack wages in the cotton trade. And if we examine the facts in regard to persons employed in England and Wales in the cotton industry, we obtain the following corroborative results:—

B.—PERSONS OCCUPIED IN THE COTTON TRADE 1881-1901.

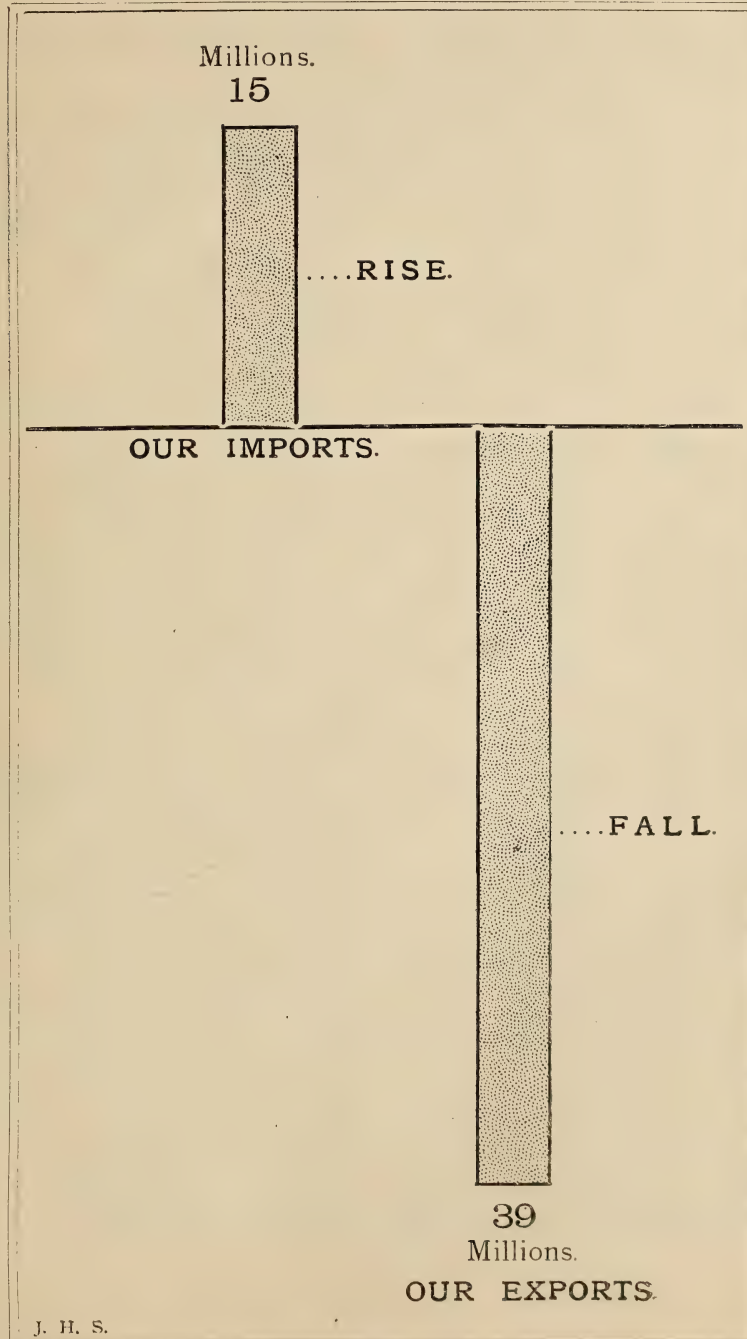
Census Year.	ENGLAND AND WALES.		EXPECTED	Falling-off in the
	Actual Number of Persons Occupied in the COTTON Trade.	Total Popula- tion.	Number of Per- sons to be occu- pied in the COTTON trade in 1901, Based upon the Increase in Population since 1881.	Actual Number of Persons Occu- pied in the COTTON Trade in 1901, Below the Number to be Expected.
		Millions.		
1881	552,000	26.1	—	—
1891	606,000	29.1	—	—
1901	582,000	32.6	690,000	108,000

Bearing in mind that the facts in table B relate to our home trade in cotton as well as to our foreign trade in cotton, we can scarcely look with complacency at the result disclosed—namely, that in 1901 there were 108,000 fewer persons engaged in the cotton trade than the number then to be expected, upon the basis of the growth of our population since 1881.

We see also that since 1891 there has been an actual decrease of 24,000 persons occupied in the cotton trade, in place of the large increase to be expected owing to the growth of our population.

But the Free Importer will tell us that this does not matter, that it is merely a part of the nice little game of "General Post" applied to British commerce for the benefit of our foreign rivals. Mr. Chamberlain does not like this game, and he wants us not to play at it any more—now that we are grown up.

COTTON.—Manufactured and partly manufactured Goods. The Increase in our IMPORTS of these goods, and the Decrease in our EXPORTS of these goods, during 1893-1902.—[See Table A.]



XIII.—OUR BOOT AND SHOE INDUSTRY: 1883-1902.

AFTER Cotton—dealt with in Article XII.—comes Tailoring, in the list of occupations of our people. But as Tailoring is a home industry rather than an affair of foreign commerce, with which we are now concerned, I go on to the next manufacturing industry, which, in the order of importance based upon persons occupied, is our Boot and Shoe industry.*

Here are the condensed facts for the last twenty years :—

A.—THE BOOT AND SHOE INDUSTRY. A SUMMARY OF OUR IMPORTS AND EXPORTS DURING 1883-1902.

(See the accompanying Diagram.)

	During the ten years		Increase or Decrease during 1893-1902.	
	1883-1892.	1893-1902.	INCREASE	DECREASE
Boots and Shoes :—	£	£	£	£
Our Imports...	3,653,000	5,812,000	2,159,000	—
Our Exports...	17,139,000	16,219,000	—	920,000

We see that during 1893-1902, as compared with the preceding ten years, our imports of boots and shoes increased by £2,159,000, and that our exports of boots and shoes decreased by £920,000.

This result is not good for persons who earn their living in the boot and shoe trade.

Our imported boots and shoes come in free, while our exports of boots and shoes are taxed by foreign nations.

We know, of course, that Mr. Asquith and other Free Importers say that this does not matter—that so long as we can buy cheaply it does not matter whether we make our boots and shoes or whether foreign nations make our boots and shoes.

But where are you going to draw the line?

If a dispassionate survey of our trade as a whole and in detail shows, as it does show, that we as producers are being hit all round the ring by our foreign rivals, owing to our stubborn adherence to bogus Free Trade, which is in all reality hampered trade, what on earth is the good of our being able to buy cheaply when we are doing all we can do to cripple our power as producers; to reduce, year by year, our power to buy—cheaply or otherwise?

Let any man who reads these words ask himself

this question: Which of the two interests that concern me, my interest as a producer, or my interest as a consumer, is the more important interest for me to guard?

When we bear in mind that nearly all men must by the very nature of life be producers before they can be consumers, the naked truth seems to stand out that our part of producer is the more important of the two parts we nearly all play—producer and consumer. The fetich—cheap consumption—is a mere will-o'-the-wisp blinding our eyes to our right path and leading us into a morass of unstable commercial method.

What is the use of having cheap boots and shoes if, owing to our method of trade which causes slack employment and slack wages, the people have not enough money to buy the boots and shoes they want?

And this argument applies not only to boots and shoes, but to nearly all our industries.

Looking at the number of persons engaged in the boot and shoe trade, we get the following results :—

B.—PERSONS OCCUPIED IN THE BOOT AND SHOE INDUSTRY—1881-1901.

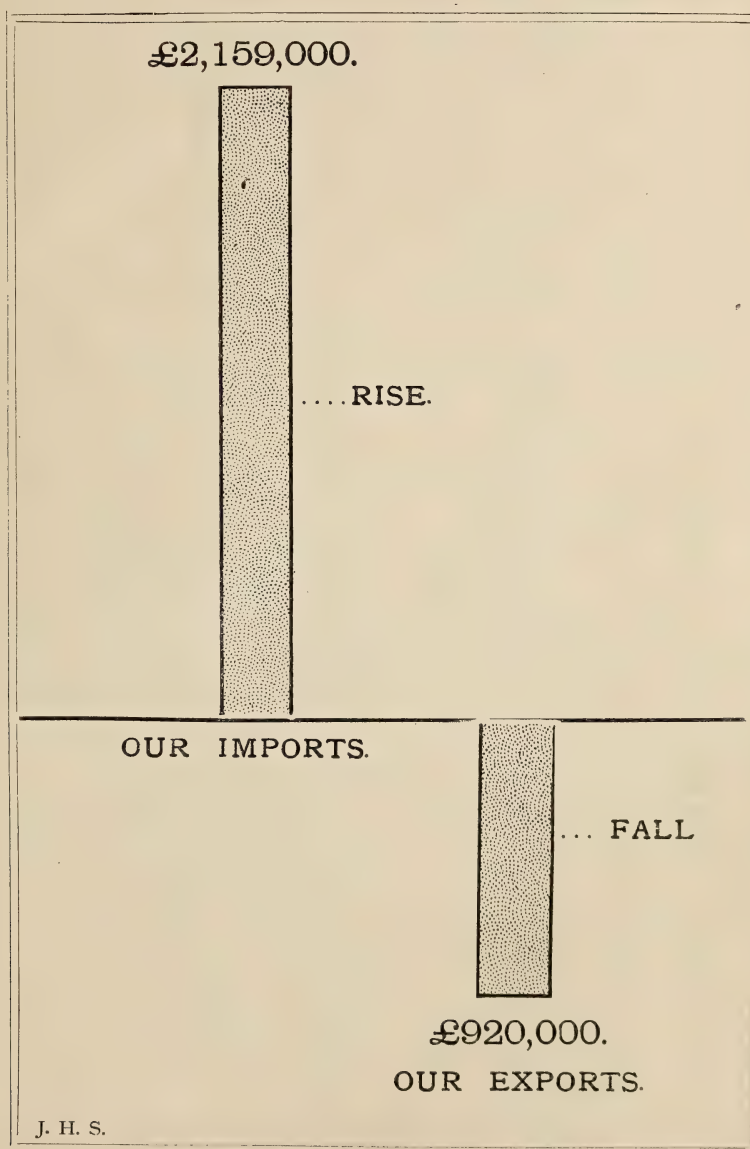
Census Year.	ENGLAND AND WALES.		EXPECTED Number of Persons to be occupied in the Boot and Shoe Industry in 1901, based upon the increase in population since 1881.	Falling-off in the Actual Number of Persons occupied in the Boot and Shoe Industry in 1901, below the Number to be expected.
	ACTUAL Number of Persons occupied in the Boot and Shoe Industry.	Total population.		
		Millions.		
1881...	224,000	26.1	—	—
1891...	249,000	29.1	—	—
1901...	251,000	32.6	280,000	29,000

The facts in Table B relate to our total industry in boots and shoes, not only to our foreign trade in boots and shoes. We see that this prominent British industry has not maintained its place, relatively to population. In 1901 there were 29,000 fewer persons engaged in the boot and shoe trade than the number to be expected upon the basis of the growth of our population since 1881.

Never mind—say the Free Importers—these 29,000 can work at some other trade. And so the merry jest passes. Bandied from one trade to another trade, until one begins to wonder where the point of the jest will come in, when, in another twenty years, the stress of foreign competition, unnaturally fostered by our foolish method of free imports plus taxed exports, will have left us stranded as a producing nation—with any amount of cheap consumption, but with wages so meagre that we shall be unable to buy.

* Machine-making and shipbuilding comes, I think before the boot and shoe industry, but owing to a difference of classification adopted at the 1901 census, the persons occupied in machine-making and shipbuilding are not stated in the Blue-book, Cd. 1761, as a comparison of the number of persons occupied is stated to be impossible.—J. H. S.

BOOTS AND SHOES.—The Increase in our IMPORTS of boots and shoes, and the Decrease in our EXPORTS of boots and shoes, during 1893-1902.—[See Table A.]



XIV.—OUR WOOLLEN INDUSTRY, 1883-1902.

THE woollen and worsted industry treads close on the heels of our boot and shoe trade (Article XIII.) in relative importance, as measured by the number of persons occupied in wool at the census date of 1901.

Let us look at the facts during the last twenty years in regard to this the oldest British textile industry.

A.—WOOLLEN AND WORSTED INDUSTRY. A SUMMARY OF OUR IMPORTS AND EXPORTS DURING 1883-1902.

[See the accompanying diagram.]

DESCRIPTION OF WOOLLEN IMPORTS AND EXPORTS.	DURING THE TEN YEARS		INCREASE OR DECREASE DURING 1883-1902.	
	1883-1892.	1893-1902.	Increase.	Decrease
	Millions.	Millions.	Millions.	Millions.
Woollen Manufactured Goods :				
Our Imports	84	102	18	—
Our Exports (British)...	196	158	—	38
Our Exports (Foreign and Colonial).....	8	8	—	—
Woollen Yarn for Weaving, &c. :				
Our Imports	21	20	—	1
Our Exports (British)...	40	46	6	—
Our Exports (Foreign and Colonial).....	—	—	—	—
Raw Wool, and Woollen Rags, &c. :				
Our Imports	264	245	—	19
Our Exports (British)...	22	31	9	—
Our Exports (Foreign and Colonial).....	147	116	—	31

NOTE.—Our exports of "Foreign and Colonial" wool are inserted for the sake of completeness of statement. They mean exports of wool previously imported by us.

Here, again, we see that our imports of manufactured goods have increased (by eighteen millions), and that our exports of manufactured goods have decreased (by thirty-eight millions).

In yarn for weaving, our imports have decreased by one million, and our exports have increased by six millions. Another sign that emphasises the abundantly proven fact that our exports of the produce of slightly-worked goods and of raw material are taking the place of fully manufactured exports.

Look also at raw wool. Our imports decreased by nineteen millions, and British exports increased by nine millions.

These facts must be bad for British labour and for British manufacturing capital.

The whole tendency is for us to import more and more of the products of superior labour, and to export more and more the products of inferior labour. A tendency that is unsound, both by economic theory and by the test of actual fact.

Apply to this old English textile industry the test of occupation :—

B.—PERSONS OCCUPIED IN THE WOOLLEN INDUSTRY; 1881-1901.

Census Year.	ENGLAND AND WALES.		EXPECTED Number of Persons to be Occupied in the Wool Industry in 1901, based upon the Increase in Population since 1881.	Falling-off in the Actual Number of Persons Occupied in the Wool Industry in 1901, below the Number to be Expected.
	ACTUAL Number of Persons Occupied in the Wool Industry.	Total Population.		
1881	240,000	Millions. 26.1	—	—
1891	258,000	29.1	—	—
1901	236,000	32.6	300,000	64,000

These facts in Table B apply to the whole of our woollen trade, not only to our foreign trade in wool.

If the vigour of this industry had been maintained, there should have been 64,000 more persons occupied in it in the year 1901 than the 236,000 who were then actually occupied in the wool trade.

Apart from the expected increase we see also that there was an actual falling-off, between 1891 and 1901, of no fewer than 22,000 persons occupied in our woollen industry.

The Free Importers will say : "Let these wool-workers work at making jam or at coal-mining. At any rate, we can say that our export trade in coal has gone up by leaps and bounds."

But there is not much solace to be got from the fact that, almost alone among our leading articles of export, coal has vigorously progressed. For our exports of coal are of the nature of exports of national capital rather than of national manufacturing industry.

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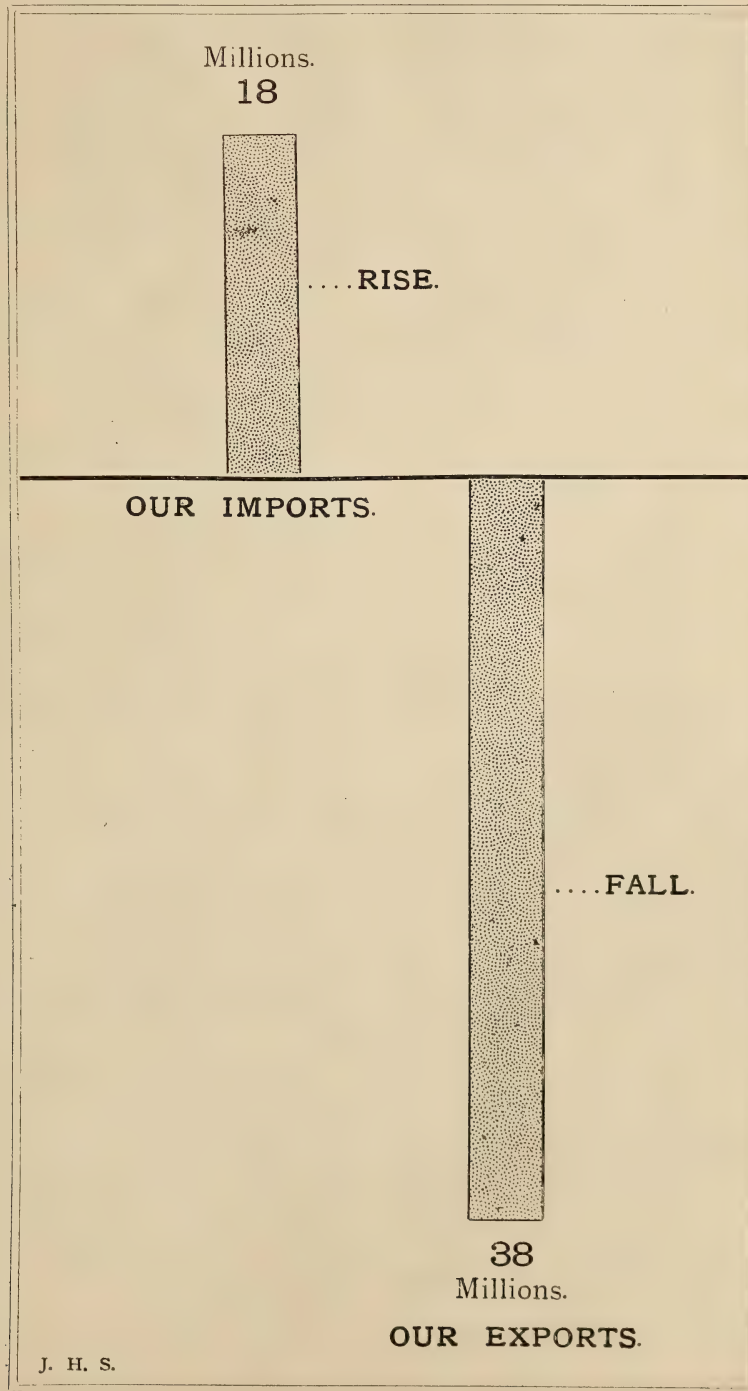
Head Office
for the United Kingdom :

16, 17, & 18, CORNHILL, LONDON, E.C.

R. A. McCURDY, President.

D. C. HALDEMAN,
General Manager.

WOOLLEN AND WORSTED INDUSTRY.—The Increase in our IMPORTS of Woollen Manufactured Goods, and the Decrease in our Exports of Woollen Manufactured Goods, during 1893-1902.--
[See Table A.]



XV.—OUR IRON AND STEEL INDUSTRY: 1883-1902.

THE trade that follows the woollen industry (Article XIV.) in order of importance, based upon the number of persons occupied at the census date of 1901, is our iron and steel industry.

Here are the facts for the last twenty years :—

A.—OUR IRON AND STEEL INDUSTRY.

A SUMMARY OF OUR IMPORTS AND EXPORTS DURING 1883-1902.

[See the accompanying diagram]

DESCRIPTION OF IRON AND STEEL IMPORTS AND EXPORTS.	DURING THE TEN YEARS.		INCREASE OR DECREASE DURING 1883-1902.	
	1883-1892.	1893-1902.	Increase.	Decrease.
	Millions.	Millions.	Millions.	Millions.
Our Imports—				
Iron and Steel, wrought or Manufactured	28	60	32	
Other Iron and Steel... ..	37	59	22	
			54	
Our Exports—				
Iron and Steel (British)	257	244		13
Iron and Steel (Foreign and Colonial)	11	9		2
				15

NOTE.—Our exports of "Foreign and Colonial" iron and steel are inserted for the sake of completeness of statement. They mean exports of iron and steel previously imported by us.

Even this prominent British industry does not break the continuity of comparison we have seen to exist in all the other leading British manufacturing industries we have examined one by one as they come on the list, without any picking and choosing. The same fact comes out—namely, that our imports have increased, while our exports have decreased.

Our imports of manufactured iron and steel increased by 32 millions during 1893-1902, and our total imports of iron and steel increased by 54 millions.

Our exports of iron and steel (British) decreased by 13 millions. This net decrease of 13 millions in our exports of iron and steel understates the fall in our exports of *manufactured* iron and steel. For this reason. The official classification of our imports and of our exports of iron and steel differs materially, and it is not possible for me to classify the very numerous separate exports of iron and steel into manufactured goods and non-manufactured goods, without a too considerable chance of error. Thus, I have put all our exports of iron and steel (British) into one total, but I must point out that this total includes such items as "pig and puddled iron"—practically

unmanufactured—and that this item, for example, has increased in export by four millions. This is the reason why I say that the net decrease of thirteen millions in our total exports of iron and steel understates the fall in our exports of *manufactured* iron and steel. But this unavoidable defect is on the side of moderation of statement, so let it pass.

We see that here again is shown the fact that any increase in our exports takes the form of an increase in exports of raw material, or in exports representing inferior labour, and that the increase in our imports is in imports representing superior labour.

This important fact should not be lost sight of, for it means that the present drift of our trade is to let foreigners do more and more of the superior labour we want, and to let British workmen do more and more of the inferior labour.

Coming now to the useful test of occupation, which applies to the whole of our iron and steel industry, not only to our foreign trade in iron and steel, we get the following results :—

B.—PERSONS OCCUPIED IN THE IRON AND STEEL INDUSTRY, 1881-1901.

Census Year.	ENGLAND AND WALES.		EXPECTED Number of Persons to be Occupied in the IRON and STEEL Industry in 1901, Based upon the Increase in Population since 1881.	Falling-off in the Actual Number of Persons Occupied in the IRON and STEEL Industry in 1901, Below the Number to be Expected.
	ACTUAL Number of Persons Occupied in the IRON and STEEL Industry.	Total Population.		
		Millions.		
1881	201,000	26.1	—	—
1891	202,000	29.1	—	—
1901	216,000	32.6	251,000	35,000

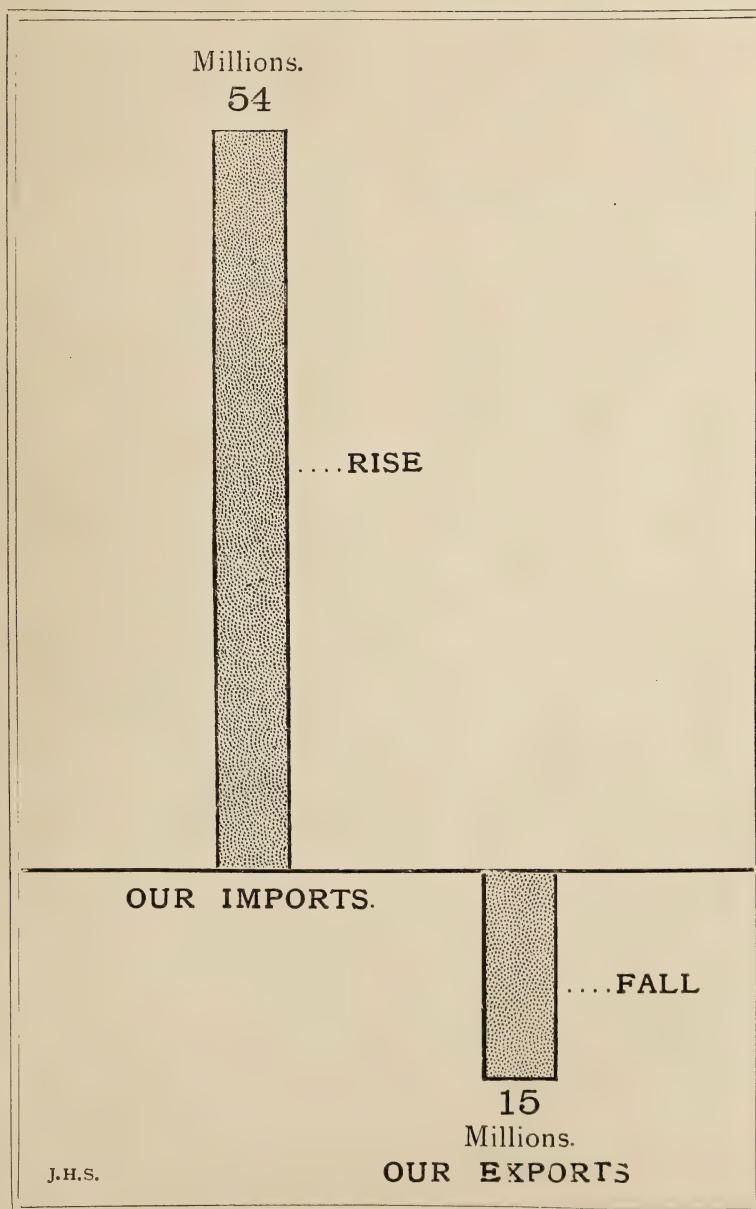
We see that in the year 1901 there were 35,000 fewer persons occupied in the iron and steel industry than the number to be expected upon the basis of growth of our population since 1881.

This fact confirms those already stated, and it shows that our iron and steel industry has not maintained its place.

How can we expect any of our leading industries to hold their places when we deliberately let in the goods of our foreign rivals free, and acquiesce in the taxation of our exports by our foreign rivals? This extraordinary and misplaced charity—charity begins at home, remember—simply means that our workmen in all our important trades are being sweated year by year by an unnatural and unnecessary exposure to the results of foreign competition.

I am no advocate for protecting the incapable at the cost of the capable, but our obsolete method of trade—free imports and taxed exports—leaves us at the mercy of our foreign trade-rivals. Their competition

OUR IRON AND STEEL INDUSTRY.—The Increase in our **IMPORTS**
and the Decrease in our **EXPORTS** during 1893-1902. [*See Table A.*]



with us is not fair competition. It is absurdly unfair, and we have ourselves to blame for letting this unfair competition exist.

Mr. Chamberlain's proposal will rid us of this unfair and unnatural competition, and this without adding one farthing to the net cost of our food. If we adopt Mr. Chamberlain's policy, we shall then be able to show, on a fair fighting level, who is the better man—the Englishman or the foreigner.

[In this connection and in support of Mr. Schooling's views and figures, it is interesting and instructive to refer to a letter of Mr. Joseph Brailsford, the chairman of the Ebbw Vale Steel and Iron Company (Limited), published in the "Times."—EDITOR, P.M.G.]

From the "TIMES," November 30, 1903.

DUMPING.

To the EDITOR of the TIMES.

Sir,—I shall be very glad if you can find room for the enclosed letter, addressed to me by the chairman of the Ebbw Vale Steel, Iron, and Coal Company (Limited), as it furnishes a practical answer from one of our greatest experts to the extraordinary statements of Sir William Harcourt and Mr. Asquith on the subject of "dumping."

I am your obedient servant,
J. CHAMBERLAIN.

Highbury, Moor-green, Birmingham, Nov. 27.

THE "DUMPING" OF GERMAN STEEL — IS THE BRITISH STEEL TRADE "GOING"?

DEAR MR. CHAMBERLAIN,—A communication in a London newspaper of October 29, headed "From our own Newport correspondent," claims great advantage to both manufacturers (sheet makers and tinplate works) and their workmen from the free import into this country of cheap German steel, and may be taken as expressing the views of the free importers and doubtless of many manufacturers who use steel billets and bars as their raw material. Similar articles have appeared in various London Radical and South Wales papers, and as the manufacture of steel forms so large and important an industry in this country, or at any rate has done up to recent times, it is desirable the subject should be investigated, and the real facts of the case ascertained.

The correspondent correctly states that Newport is at present the port at which the greatest quantity of this German steel is imported, nearly 20,000 tons having been discharged since the commencement of the present year, and that it is used by manufacturers in South Wales and Monmouthshire, as also in South Staffordshire and the Birmingham district, for rolling into sheets and converting into corrugated iron sheeting, tinplates, rivet rods, wire, and other things, the difference in price between German and British steel being from 5s. to 7s. 6d. a ton. He, however, then proceeds to state that the importation of the cheaper article makes all the difference to the English and Welsh manufacturers, who are thus enabled to retain their trade and compete at a profit in the markets of the world, as but for the fact that they are able to buy German steel they would long since have been compelled to close their works. He concludes by stating the reason why Germany is able to produce

steel so much cheaper than the makers of South Wales (which he describes as the "home of the British steel industry") is that the plant of the Blaenavon Company, the Tredegar Company, and the Ebbw Vale Company have been allowed to become antiquated, and if British steel makers generally would aim at efficiency and equip themselves with up-to-date machinery their cost of production could be so reduced as to enable them to compete with the Germans without the aid of any protection.

Now, Sir, if the alleged reasons for the cheaper price of German steel were fairly stated and were correct, should at once admit that the English steel makers have no just claim to any protection; that "dumping" was an advantage; that the ignorant and effete English steel makers must go to the wall, and the many thousands of workmen in their employ must look to emigration or the workhouse, as I fear furnacemen and steel rollers would prove but indifferent makers of jam and pickles! Such reasons, however, are unfairly stated and are incorrect, as I will now endeavour to show.

They conveniently assume that the German selling price in this country is a fair commercial price based on the cost of manufacture.

They scrupulously ignore the fact that on the contrary the German price is fixed by an enormous number of trusts (independently altogether of cost) composed of Belgian and German makers, who in turn constitute a huge "ring" or "cartel" to maintain their own home prices; that their home price is enormously higher than their English selling price; that a tariff wall of 30s. per ton secures them in this home price, and their surplus products can be remuneratively sold in England at less than cost; that an elaborate "pooling" arrangement exists by which all the German makers contribute from their excessive home profits to a common fund from which a tonnage allowance is made for all steel sold abroad at less than cost; that the fact of England's trade being unprotected is at once the cause and object of the "ring's" creation and the sole reason for its success; and, finally, that it is only a matter of a few more months (it has already continued for over three years) before the English steel makers will be crushed out of existence and the English market will be at the German's mercy.

The free importers and such of the English consumers of German steel as share their views (many of the latter do not do so, as they have either already themselves experienced German competition in their finished products, or frankly acknowledge the real facts and the looming danger) look no further than the present moment. They take no account of the near future, either as regards English maker or English consumer, as it is manifest that so soon as the former has been crushed the German price to the latter will be at once heavily increased. On the other hand, the English consumer's continued immunity from German competition cannot be relied upon.

Again, what evidence is there that the British manufacturer is enabled to carry on his trade only in consequence of being able to buy this cheap German steel? Are we to understand that the alleged ignorance, supineness, and antiquated machinery are the sole proclivities of the English steel makers, and not of the English manufacturers? If such be indeed the case, and if for the English manufacturer to keep his works going it is absolutely needful for him to buy his steel billets and bars at less than cost to compete with the foreigner at home and abroad, his industry is surely in a parlous state, and he should look rather to obtaining proper protection for the finished article by a policy of retaliation and by preferential trade with our own Colonies. He cannot surely imagine he will be able to buy his billets at less than cost in perpetuity!

The actual reason for the low price of German steel sold in England is not far to seek. There is no mystery about it. Our machinery has been modernised, or we should have been long ago out of the running. Our

managers have made themselves conversant by personal visits and inspection with the equipment of Continental mills and methods of manufacture. Our workmen are not trunkards (as an eminent politician has alleged), and I believe both managers and workmen are as capable of designing plant and of making steel as any foreigner I have ever seen. It has been contended that high rents, royalties, and railway rates are responsible; but how can high rents hurt Dowlais, Cyfarthfa, Ebbw Vale, and other large makers who have owned the land on which they stand for a century? Railway rates would scarcely be much less if the railways were State owned and worked. Nor are our mineral royalties responsible, as they are not in any way excessive, and we do not want to steal our coal. Indeed, most of us own our own freehold coal, so that rent and royalties are both out of the question. In any case, if we add the possible rent, royalties, and railway charges together, the total is less than the difference between the Welsh price and the carefully regulated undercut of the foreigner. We are fairly conversant with German costs, and find little or no difference between us—certainly not sufficient to overcome the freight, carriage, and insurance from abroad—and I say definitely that steel is not made cheaper abroad than in the South Wales district.

The reason, Sir, is simply and solely owing to the preposterous system of one-sided free trade which has been obtained in this country for the last fifty years, the direful consequences of which are only now maturing and coming into full operation, as opposed to the high protective tariffs of other producing nations and the combination or conspiracy of their manufacturers by means of "rings" and "trusts" to take advantage of the protection of these tariffs and of the undefended English industries.

The prices speak for themselves: Price of U.S.A. sheet bars at Pittsburg, £5 12s. 6d.; price of German sheet bars at Dusseldorf, £6; price of U.S.A. sheet bars at Wolverhampton (England), £4 5s.; price of German sheet bars at Wolverhampton, £4 5s.; price of Welsh bars at Wolverhampton, £4 10s.

In normal times, if the Germans have surplus products to dispose of (even a small quantity), by selling them here, under cost, they upset the market price and seriously disturb trade, and whenever there is a slackness of trade in either America (as in 1900) or Germany (as in 1900-3), or in both (as to-day), there is no certainty when the best is done that our price will not be undercut by the necessary 5s. a ton. Indeed the handsome profits which the foreign "rings" must be realising should enable them to repeat the operation if it were necessary again and again.

The Ebbw Vale Company are fairly typical of other large South Wales makers. They possess and work their own coal, having their own small coal ready for coking on the spot. They make their own coke; they smelt their own pig iron; they convert it directly into steel, and roll their own billets and bars. They have an output of upwards of 3,000 tons of finished steel per week, and employ some 3,000 men in their iron and steel departments alone, exclusively of the collieries. They produce finished steel in the shape of ingots, billets and bars, rails, sleepers, channels, angles, &c. It will be seen that virtually their finished material represents four distinct trades or manufactures. During the last few years the company have held their own by keeping their mills employed to their utmost capacity, by the variety of their manufacture, and by the crumbs of business which the foreigner has left them, but have done so at a profit which would be regarded as an inadequate one upon any one of the four industries carried on to produce the finished steel.

In October last 28,753 tons of sheet bars and billets were received at Newport from abroad for consumption in the South Wales and Midlands districts, and during the same month only 16,109 tons of iron ore were

received at Newport in place of four or five times that quantity a few years ago. Large quantities of German steel have been received at other ports in this country. The total quantity for the ten months of the present year imported into Newport was 200,000 tons, and according to the carefully worked out figures of Mr. T. E. Watson, of Pyman, Watson, and Co. (set forth in detail in the *Western Mail* newspaper of June 17 last), the importation of this quantity of steel as compared with its manufacture on the banks of the Usk involves a loss to our shipowners of £39,000, to the dock company of £5,000, to the railway company of £32,400, to labour of £326,000, and a loss to the public revenue of nearly £60,000, which has to be made up by an equivalent taxation of other matters in this country.

There is nothing that I am aware of to prevent foreign manufacturers who are at present exporting their surplus sheet and tinplate bars from carrying their operations the necessary stage further and exporting their surplus in the shape of finished corrugated sheets or tinplates to this country and to our Colonies. Those who are acquainted with the facts know perfectly well that this process has already commenced, and, if allowed to continue, will speedily shut up most of our finishing works, as they have shut and are shutting our local steel works. In various other branches of finished steel products the process has been going on for some time. Girders and structural steel of all kinds are exported from Belgium and Germany to nearly every English town, including such steel centres as Sheffield and Middlesbrough. Finished steel buildings are now being erected by German manufacturers in Manchester and elsewhere. The Staffordshire market has been invaded by German light steel plates for galvanizing at about £1 per ton below Staffordshire and North of England prices; large plates 6 ft. in length from 14 to 10 gauge selling at £6 5s. per ton delivered at Birmingham as against £7 and upwards for Staffordshire qualities, large contracts being under negotiation. (See *Western Mail* newspaper of July 24, 1903.) Agents of foreign works are establishing themselves in large numbers in London and our great centres for the purpose of more readily dealing with inquiries. Let any workman glance through the pages of *Engineering* and the *Engineer*, and he will see for himself how severely foreign works menace the productions of this country. The 28,000 tons of steel above alluded to is practically equal to the output of Dowlais, Cyfarthfa, and Ebbw Vale if working full time, and would have found employment if made in this district for some 85,000 tons of coal and for some 10,000 workmen, equal to a total population of 50,000 persons, and this without counting tradespeople, house builders, and the hundred and one classes of individuals necessary for and dependent upon the working-class population.

The steel trade is not only going—and going rapidly—but a great deal of it has already gone. A newspaper column would hardly be sufficient to record the names and descriptions of those iron and steel works which have been closed during the last thirty years of one-sided free trade in our own district. It is, however, only during the last three and a-half years that the German and American competition has developed and become systematised. My own opinion is that even now we have only had a preliminary taste of the "dumping" policy, and that it is only now the German trusts have had practical and profitable experience of their methods of operation, and have, so to speak, "felt their feet," that we shall know what organised and systematic dumping really means.

It is during the last three years that several of the largest of our works, including Tredegar and Blaenavon, have had to close down—some for very long periods, some permanently—and of the workmen once employed several have emigrated to America and elsewhere, where they are in active competition with their brothers at

home. It is worthy of note that more money is now being spent on the new workhouse than in works development in the Tredegar Valley.

Seeing that the Germans and Americans have for purposes of their own decided to dump surplus products at a loss in order to maintain their own home prices, we should be only too pleased to exchange courtesies and sell a few sheet bars delivered Pittsburg at £5 12s. 6d., but that we are met with an import duty into America of £2 6s. per ton (which I am not so foolish as to suppose the Americans would pay for us) in addition to the freight, carriage, and insurance from South Wales to

Pittsburg. In fact, during the height of the American "boom" last year, at a time when our own market was being invaded by Germany, we could have sold hundreds of thousands of tons of steel for America but for their protection tariff. They knew how to take care of their "booms," and not allow it to be suddenly swamped, as was ours by the Germans in August, 1900.

Yours faithfully,

JOSEPH BRAILSFORD, Chairman of the Ebbw Vale
Steel, Iron, and Coal Company (Limited).
November 27, 1903.

XVI.—OUR FURNITURE INDUSTRY; 1883-1902.

GOING through the list of occupations of our people, the trade that follows iron and steel (Article XV.) is printing and bookbinding. But this is not a manufacturing industry such as those we are examining, and its activity is confined to our home trade rather than to our foreign trade, which is now the subject for examination.

So we pass to the next on the list. Furniture comes next in the order of importance, measured by persons occupied. This industry does not, perhaps, come into the category of manufacturing industries as the words are commonly understood; but we may stretch a point, as there is at last a chance of finding in our furniture industry a trade that may show less unsatisfactory results than have been shown by all our great manufacturing industries already examined. Here are the facts for the last twenty years :—

A.—OUR FURNITURE INDUSTRY. A SUMMARY OF OUR IMPORTS AND EXPORTS DURING 1883-1902.

[See the accompanying diagram.]

DESCRIPTION OF FURNITURE IMPORTS AND EXPORTS.	DURING THE TEN YEARS,		INCREASE OR DECREASE DURING 1893-1902.	
	1883-1892.	1893-1902.	Increase.	Decrease.
	£]	£	£	£
Manufactured Goods :—				
Our IMPORTS...	4,900,000	10,500,000	5,600,000	—
Our EXPORTS...	6,600,000	6,000,000	—	600,000
Un-Manufactured Goods (wood for furniture) :—				
Our IMPORTS...	9,700,000	15,900,000	6,200,000	—
Our EXPORTS...	—	—	—	—

This is the least disadvantageous result we have hitherto been able to get in this survey of the manufacturing industries that are prominent in giving occupation to our population.

It is true that our imports of Manufactured Goods [house frames, fittings, joiners' and cabinet work] increased by £5,600,000, and that our exports of Manufactured Goods [furniture, cabinet, and upholstery

wares] show a decrease of £600,000, but this decrease is only a little one.

Moreover, our imports of wood for furniture increased by over six millions. So we may reasonably expect to find that the furniture industry has fully maintained its place as an occupation for our people. Here are the facts :—

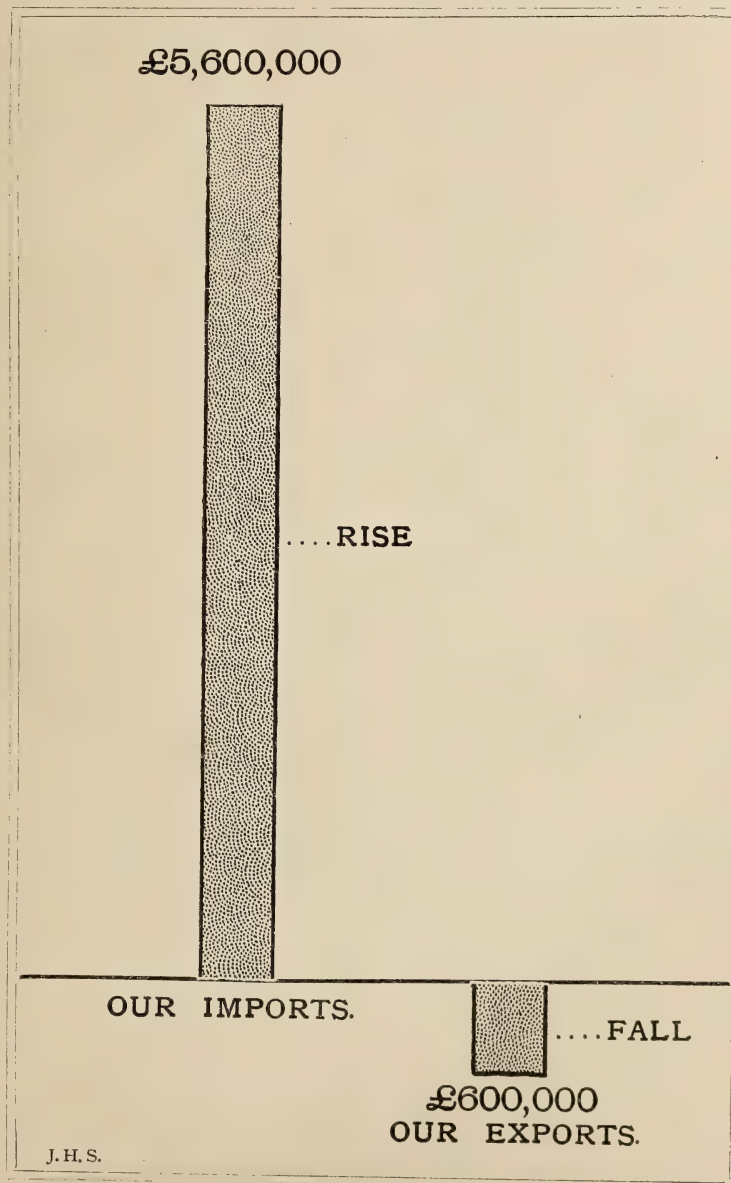
B.—PERSONS OCCUPIED IN THE FURNITURE TRADE : 1881-1901.

CENSUS YEAR.	ENGLAND AND WALES.		EXPECTED Number of Per- sons to be Occu- pied in the FUR- NITURE Trade in 1901, based upon the Increase in Population since 1881.	EXCESS in the Actual Number of Persons Occupied in the FURNITURE Trade in 1901, over the Number to be Expected.
	ACTUAL Number of Per- sons Occupied in the FURNI- TURE Trade.	Total Popula- tion.		
1881	84,000	Millions. 26.1	—	—
1891	101,000	29.1	—	—
1901	122,000	32.6	105,000	17,000

Here, for the first time, do we find a manufacturing industry that has increased its attractiveness as an occupation, relatively to population. In the year 1901 there were 17,000 more persons occupied in the furniture trade than the number to be expected upon the basis of growth of population since 1881.

I cannot say how many of these persons were foreign Jew workers domiciled in our country, and producing under sweating conditions the vast quantity of vile furniture that is made by foreigners in our midst. But there the fact is, and let the Free Importers make the most of it. They may have the consolation of believing that some of the shortage of persons occupied in our great trades, such as cotton, boots and shoes, wool, iron and steel—a shortage that has been shown to exist—has gone into the furniture trade; and that the British workmen so occupied have the benefit of competing with foreign Jews in England in the making of cheap and vilely nasty furniture, and with foreign workers in other countries who are allowed by us to send in free a vast quantity of furniture that directly competes in unnatural conditions, with the woodwork of our own men.

OUR FURNITURE INDUSTRY.—THE Increase in our IMPORTS of Manufactured Goods, and the Decrease in our EXPORTS of Manufactured Goods, during 1893-1902. [*See Table A.*]



XVII.—EARTHENWARE AND GLASS, 1883-1902.

THE trade next to Furniture (Article XVI.) on the list of "important industries" stated on page 362 of the "Fiscal" Blue-book is our Earthenware and Glass Industry. Examination of the returns during the last twenty years gives the following results :—

A.—EARTHENWARE.—A SUMMARY OF OUR IMPORTS AND EXPORTS DURING 1883-1902.

[See the accompanying diagram.]

EARTHENWARE, CHINA, &c.	DURING THE TEN YEARS		INCREASE OR DECREASE DURING 1893-1902.	
	1883-1892.	1893-1902.	Increase.	Decrease.
	Millions.	Millions.	Millions.	Millions.
Our IMPORTS.....	5.9	8.3	2.4	—
Our EXPORTS	23.0	21.5	—	1.5

Still the same tale. An increase in our imports and a decrease in our exports. During 1893-1902 our imports of earthenware, china, &c., increased by nearly $2\frac{1}{2}$ millions and our exports decreased by $1\frac{1}{2}$ millions.

Really, this Board of Trade list I am working my way through is plaguy monotonous. The same result comes out in all our important manufacturing industries. If the Board of Trade compilers had only inserted as "important industries" such items as pickles, patent medicines, floorcloth, soap, grease, candles, &c., I should, in this survey of twenty years of our trade, have been enabled to show results different from those which I have had to show in regard to such leading industries as cotton, boots and shoes, wool, iron and steel, &c., &c.

During the last ten years our imports of glass goods increased by nearly 12 millions, and our exports of glass goods decreased by nearly $1\frac{1}{2}$ millions.

Our glass trade has been very hard hit by the foreigner, who sends in his glass goods free, while our glass goods are heavily taxed when they enter foreign markets.

Here are the facts for Glass :—

B.—GLASS.—A SUMMARY OF OUR IMPORTS AND EXPORTS DURING 1883-1902.

[See the accompanying diagram.]

GLASS.	DURING THE TEN YEARS		INCREASE OR DECREASE DURING 1893-1902.	
	1883-1892.	1893-1902.	Increase.	Decrease.
	Millions.	Millions.	Millions.	Millions.
Our IMPORTS ...	18.6	30.3	11.7	—
Our EXPORTS ...	10.3	9.0	—	1.3

However, our earthenware trade still possesses considerable vitality despite the fact, shown in Table A, that our imports increase while our exports decrease. The home trade is still going fairly strong, if we may judge from the following statement :—

C.—PERSONS OCCUPIED IN THE EARTHENWARE AND GLASS TRADE 1881-1901.

CENSUS YEAR.	ENGLAND AND WALES.		EXPECTED number of persons to be occupied in the EARTHENWARE AND GLASS trade in 1901, based upon the increase in population since 1881.	EXCESS in the Actual number of persons occupied in the EARTHENWARE AND GLASS trade in 1901, over the number to be expected.
	ACTUAL number of persons occupied in the EARTHENWARE AND GLASS trade.	TOTAL POPULATION.		
		Millions.		
1881	68,000	26.1	—	—
1891	83,000	29.1	—	—
1901	93,000	32.6	85,000	8,000

The facts in the return do not show the facts for earthenware and for glass separately, but it is practically certain that the excess of 8,000 persons occupied in 1901 is due to our home trade in earthenware—not in glass—and, as shown, this is independent of the unsatisfactory results that have attended our foreign trade both in earthenware and in glass. Unsatisfactory results, that as we have seen, apply to all our other important industries which have been examined during the last twenty years of their working.

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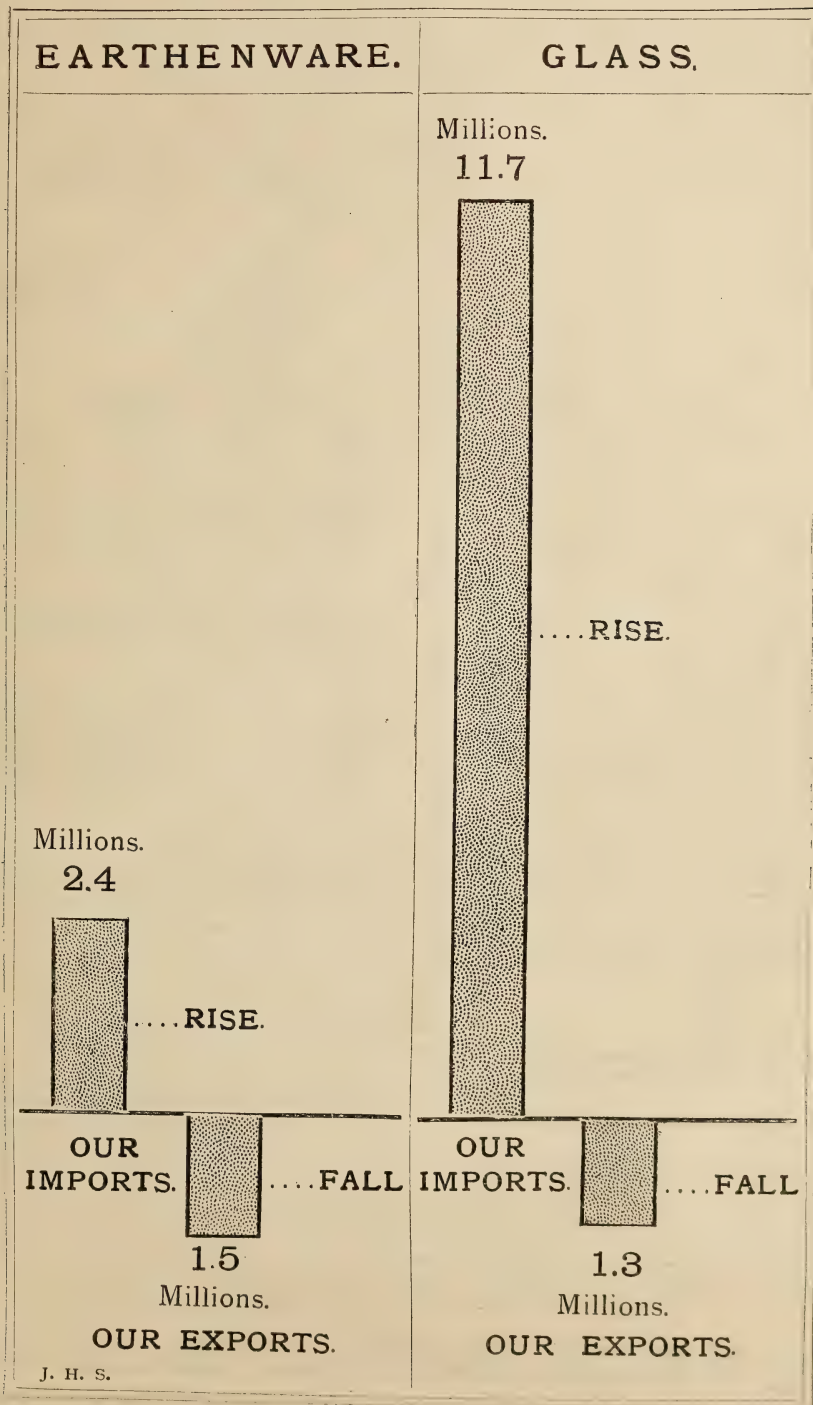
R. A. MCCURDY, President.

Head Office for the
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16, 17 & 18, CORNHILL, LONDON, E.C.

D. C. HALDEMAN,
General Manager.

EARTHENWARE AND GLASS.—The Increase in our **IMPORTS** and the Decrease in our **EXPORTS**, 1893-1902. [*See Tables A and B.*]



XVIII.—OUR SILK INDUSTRY: 1883-1902.

WE have seen how badly we have fared in regard to cotton and wool, and we now reach another of our great textile industries, silk, which comes twelfth on the official list of important British industries through which I have been steadily working—without finding one single *manufacturing* industry that has not materially declined in export, and still more materially increased in import.

Here are the facts for silk, during the last twenty years:—

A.—OUR SILK INDUSTRY.

A SUMMARY OF OUR IMPORTS AND EXPORTS OF SILK DURING 1883-1902.

[See the accompanying diagram.]

DESCRIPTION OF OUR IMPORTS AND EXPORTS OF SILK.	DURING THE TEN YEARS		INCREASE OR DECREASE DURING 1883-1902.	
	1883-1892.	1893-1902.	Increase.	Decrease.
	Millions.	Millions.	Millions.	Millions.
Silk Manufactured Goods				
Our Imports	109	147	38	—
Our Exports (British)	22	14	—	8
Our Exports (Foreign and Colonial)	7	8	1	—
Raw and Thrown Silk, &c.				
Our Imports	31	20	—	11
Our Exports (British)	4.8	3.3	—	1.5
Our Exports (Foreign and Colonial).....	3.3	1.6	—	1.7

NOTE.—Our exports of "Foreign and Colonial" silk are inserted for the sake of completeness of statement. They mean exports of silk previously imported by us.

The most notable results in Table A are that our imports of manufactured silk goods increased by thirty-eight millions during 1893-1902; that our exports of manufactured silk goods decreased by eight millions; and that our imports of raw silk, &c., decreased by eleven millions.

Our trade system of free imports and taxed exports has almost extinguished our once famous silk industry. And if we look at the silk-trade as an occupation for our people, we get the following results:—

B.—PERSONS OCCUPIED IN THE SILK TRADE, 1881-1901.

Census Year.	ENGLAND AND WALES.		EXPECTED Number of Persons to be Occupied in the SILK trade in 1901, Based upon the increase in Population since 1881.	Falling-off in the Actual Number of Persons Occupied in the SILK Trade in 1901, Below the Number to be Expected.
	ACTUAL Number of Persons Occupied in the SILK trade.	Total Population.		
		Millions.		
1881	65,000	26.1	—	—
1891	52,000	29.1	—	—
1901	39,000	32.6	81,000	42,000

The facts in Table B relate to the whole of our silk industry, not only to our imports and exports of silk.

We see that in 1901 there were 39,000 persons occupied in silk, as compared with 81,000 persons expected to be so occupied, upon the basis of growth of population since 1881. A falling-off of 42,000 persons in the silk trade.

This is only one of the many similar results now in process of disclosure, relating to all our principal manufacturing industries, which show as plainly as a thing can be shown that our present system of trade takes employment and wages from our own workmen and gives them to our foreign rivals.

Guaranteed Income and Absolute Protection.

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And at his death there would still be payable to his heirs the sum of **£5,000**

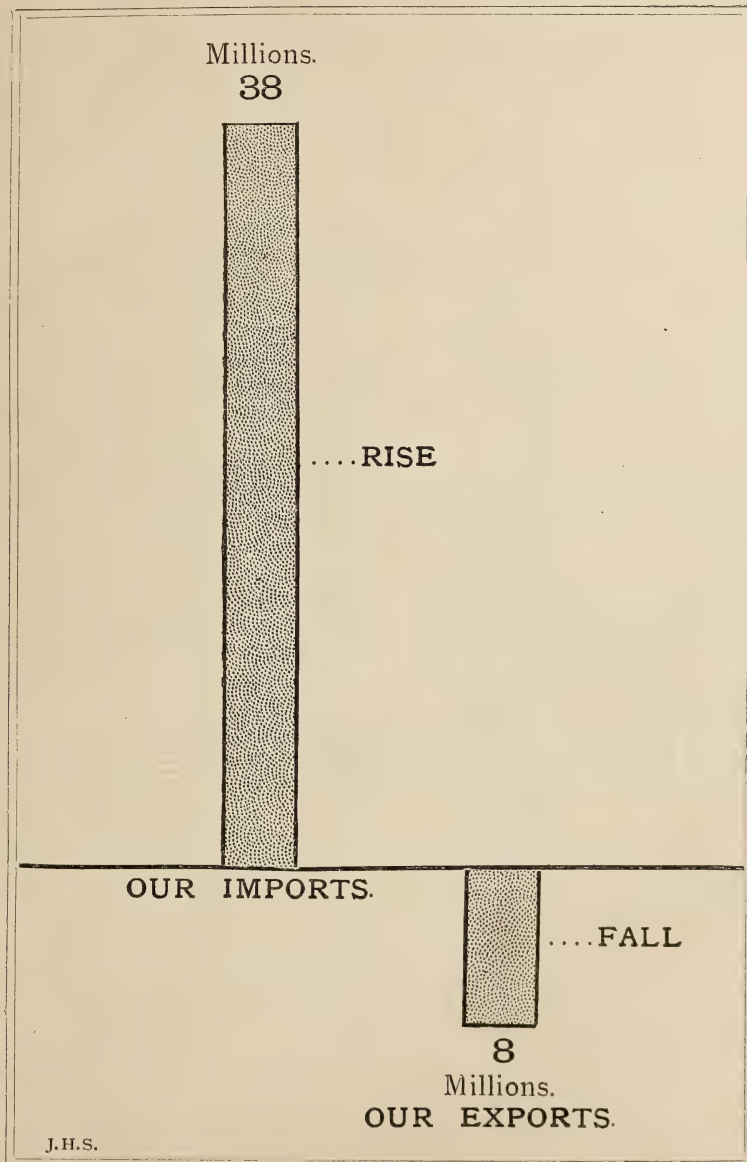
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D. C. HALDEMAN,
General Manager.

OUR SILK INDUSTRY.--Manufactured Silk Goods. The Increase in our IMPORTS and the Decrease in our EXPORTS during 1893-1902. [See Table A.]



XIX.—OUR LINEN INDUSTRY; 1883-1902.

This is the last of the "important industries" tabulated on page 362 of the "Fiscal" Blue-book, with which we are now concerned. In point of numbers occupied, lace follows silk (Article XVIII.), but, on looking into the facts, I find that those relating to our foreign trade in lace have been included in the summaries already given of our cotton and silk industries.

Here are the facts for linen during the last twenty years:—

A.—OUR LINEN INDUSTRY.

A SUMMARY OF OUR IMPORTS AND EXPORTS OF LINEN GOODS DURING 1883-1902.

[See the accompanying diagram.]

THE LINEN INDUSTRY.	DURING THE TEN YEARS,		INCREASE OF DECREASE DURING 1893-1902.	
	1883-1892.	1893-1902.	Increase.	Decrease.
	Millions.	Millions.	Millions.	Millions.
Our IMPORTS.....	9	12	3	—
Our EXPORTS.....	63	59	—	4

During the last ten years, as compared with the preceding ten years, our imports of linen goods increased by three millions and our exports decreased by four millions.

Thus a careful examination of the manufacturing industries set out in the official table already mentioned shows that, from start to finish, every one of our important manufacturing industries has increased in import and decreased in export. The facts being

surveyed during the twenty years, 1883-1902, there is no picking and choosing of years, but there is a clear straight run of the twenty most recent years, ending with three years of high exports—1900, 1901, 1902.

In regard to the linen trade as an occupation, here are the facts during 1881-1901:—

B.—PERSONS OCCUPIED IN THE LINEN TRADE, 1881-1901.

Census Year.	ENGLAND AND WALES.		EXPECTED Number of Persons to be Occupied in the LINEN Trade in 1901, Based upon the Increase in Population since 1881.	Falling-off in the Actual Number of Persons Occupied in the LINEN Trade in 1901, Below the Number to be Expected.
	ACTUAL Number of Persons Occupied in the LINEN Trade.	Total Population.		
		Millions.		
1881	13,000	26.1	—	—
1891	8,500	29.1	—	—
1901	5,000	32.6	16,000	11,000

All our important manufacturing industries, with the exceptions of furniture and earthenware have shown this falling-off—now again evidenced by the linen trade—in point of occupation for our population.

This very important matter of a declining population engaged in our important manufacturing industries affects our home trade as well as our foreign trade. This fact has hitherto been overlooked, but it seems to me to be one of the strongest pieces of proof one can want to prove beyond dispute that our power as a producing nation has been seriously injured by our system of free imports, in which every other consideration is put aside in favour of the utterly delusive will-o'-the-wisp—cheap consumption.

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ESTABLISHED 1843.

R. A. McCURDY, *President.*

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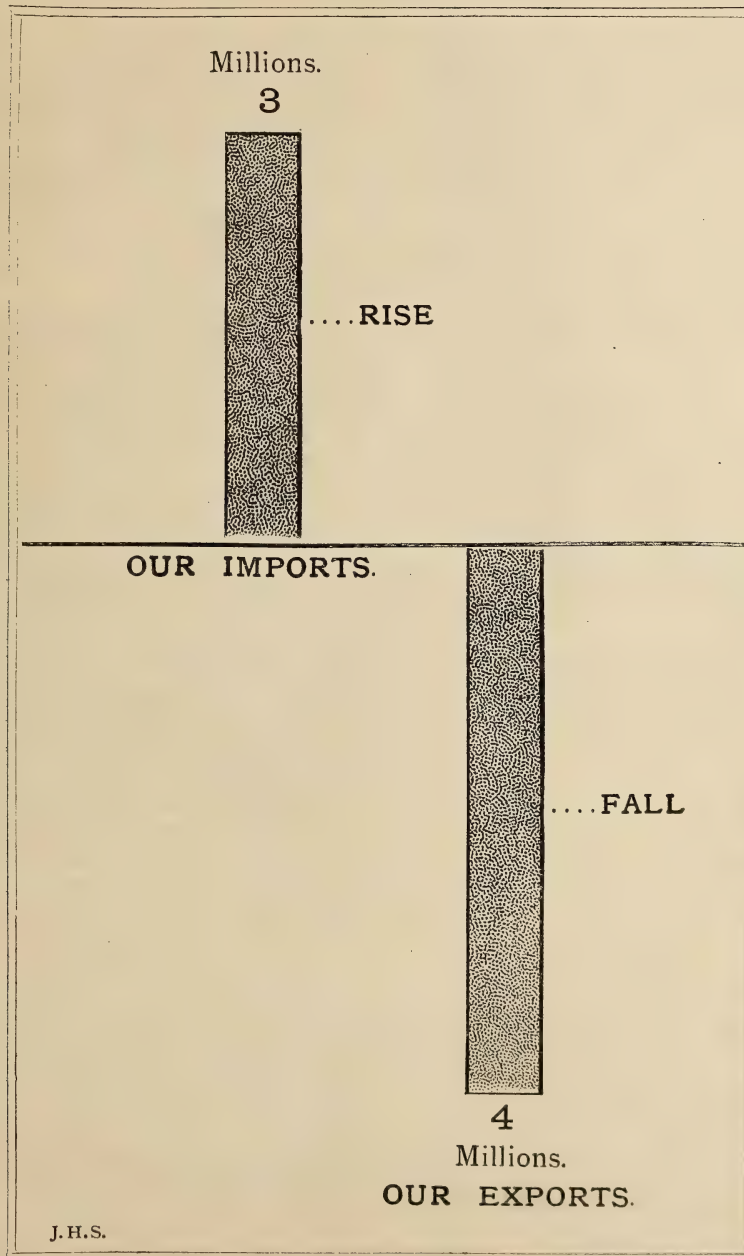
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OUR LINEN INDUSTRY.—The Increase in our IMPORTS and the Decrease in our EXPORTS during 1893-1902. [*See Table A.*]



XX.—OUR PRINCIPAL MANUFACTURING INDUSTRIES, 1883-1902.

PRECEDING articles have shown the result of examining all our important manufacturing industries during the last twenty years, in regard to (1) our imports and exports, and (2) the number of persons occupied in each industry: the latter is probably the best, and only comprehensive, test of our progress or regress in home trade, as distinct from our foreign trade.

I now give a summary of all these manufacturing industries, which have been examined separately. Here is the list, arranged in the order of importance measured by the number of persons occupied in each industry in England and Wales in the Census year 1901 :—

1. Cotton
2. Boot and Shoe
3. Woollen and Worsted
4. Iron and Steel
5. Furniture
6. Earthenware
7. Glass
8. Silk
9. Lace
10. Linen

These industries have not been "picked out" by me. They are all the manufacturing industries contained in the list on p. 362 of the Board of Trade Report [Cd. 1761], with the exception of "machine-making and shipbuilding," which does not admit of the application of the method adopted for all the other manufacturing industries.

J. H. S.

Here is the summary of our Imports and Exports of the above goods during the last twenty years :—

A.—OUR TEN PRINCIPAL MANUFACTURING INDUSTRIES.

A SUMMARY OF OUR IMPORTS AND EXPORTS DURING 1883-1902.

[See the accompanying diagram.]

OUR TEN PRINCIPAL MANUFACTURING INDUSTRIES.	DURING THE TEN YEARS.		INCREASE OR DECREASE DURING 1893-1902.	
	1883-1892.	1893-1902.	Increase.	Decrease.
	Millions.	Millions.	Millions.	Millions.
Manufactured Goods :—				
Our Imports	338	493	155	—
Our Exports	1,317	1,209	—	108
Raw Materials, &c. :—				
Our Imports	742	649	—	93
Our Exports	67	80	13	—

During 1893-1902, as compared with the preceding ten years, our imports of manufactured goods in these ten leading industries increased by 155 millions, and

our exports of manufactured goods in these ten industries decreased by 108 millions. Moreover, in every one of these ten leading manufacturing industries, examined separately, our imports of manufactured goods increased, and our exports of manufactured goods decreased. This most unsatisfactory result is not due to the predominance of any one trade.

Concerning raw material, &c., our imports decreased by 93 millions and our exports increased by 13 millions.

These results most amply confirm those of a full investigation made by me a few years ago, and published in 1901—namely, that our trade is steadily leaving us in our important manufacturing industries. The Board of Trade totals which are now being used by the opponents of tariff reform disguise the truth, for they include coal, in which our export trade has vastly increased, and they do not discriminate between our major and our minor industries. Many of our minor industries have increased, probably because our foreign rivals have not yet thought fit to attack these items of our trade, among which are slops, chemical products, manures, painters' colours, pickles, printed books, medicines, stationery, floorcloth, soap, biscuits, grease, twine, clay, pictures, candles, seeds, &c., &c. In things of this sort our trade has increased simultaneously with a material fall in all our great industries, with the exception of machine-making.

I do most earnestly direct attention to the condensed results in Table A, at any rate on the part of those citizens who have not yet decided whether to go for or against Mr. Chamberlain. These results can be checked by any one who will take the necessary trouble, and they disclose a most serious condition of our foreign trade.

Now, as to these ten industries regarded as occupations. Mr. Asquith, Lord Goschen, and many other opponents of Mr. Chamberlain not only allege that our export trade is in a sound condition [they look merely at the gross totals of selected years, without examining the facts that make up the totals of continuous periods of years], but these backers-up of free imports are constantly saying that the tariff reformers do not regard our home trade. It is impossible to get at the facts for our home trade, as they are not recorded, but I suggest that the test of occupation is a useful and comprehensive test as it applies to our home trade, as well as to our foreign trade. Here are the facts in regard to the

ten principal manufacturing industries with which I am now dealing.

B.—OUR TEN PRINCIPAL MANUFACTURING INDUSTRIES.
NUMBER OF PERSONS OCCUPIED IN THEM; 1881-1901.

CENSUS YEAR.	ENGLAND AND WALES.		EXPECTED Number of Persons to be Occupied in the TEN INDUSTRIES in 1901, based upon the Growth of Population since 1881.	FALLING-OFF in the Actual Number of Persons Occupied in the TEN INDUSTRIES in 1901, below the Number to be Expected.
	ACTUAL Number of Persons Occupied in the TEN INDUSTRIES.	Total Population.		
	Thousands.	Millions.	Thousands.	Thousands.
1881	1,491	26.1	—	—
1891	1,594	29.1	—	—
1901	1,580	32.6	1,863	283

NOTE.—The gross falling-off in 1901 was 308,000, but as in Furniture and Earthenware there was an aggregate increase of 25,000, the net falling-off in 1901 was 283,000, as shown above.

What can the Free Importers say to these results? Here we have the number of persons occupied in these ten leading manufacturing industries 1881-1901, and the net result is that in 1901 there were 283,000 fewer persons occupied in these ten industries than the number that would have been so occupied in 1901 if these ten industries had kept pace with the growth of population since 1881. And in our premier industry

—agriculture, which is not a manufacturing industry —there was in 1901 a falling-off of 511,000 persons below the expected number, in addition to the falling-off of 283,000 persons in the ten principal manufacturing industries above mentioned.

If this is not an absolute proof of our decline in trade and in our power of production, what is it? And bear in mind that the facts in Table B relate to our home trade as well as to our foreign trade.

Is it not abundantly clear that British trade urgently needs the defence that Mr. Chamberlain wants to give to it against the injurious effects produced by our system of trade—imports free into this country, and our exports taxed when they enter foreign countries?

Mr. Chamberlain's plan combines with this much-needed defence of British trade the consolidation of the British Empire, and his plan will not add one farthing to the net cost of our food. But it will bring to us the material benefit that follows efficient production, and which cannot possibly come to us if we continue to worship as an idol the false trade-god—cheap consumption.

Let us no longer palter with the obsolete theories of past generations, but let us take resolute action, based on modern fact, to defend our trade, to consolidate our Empire, and to benefit ourselves.

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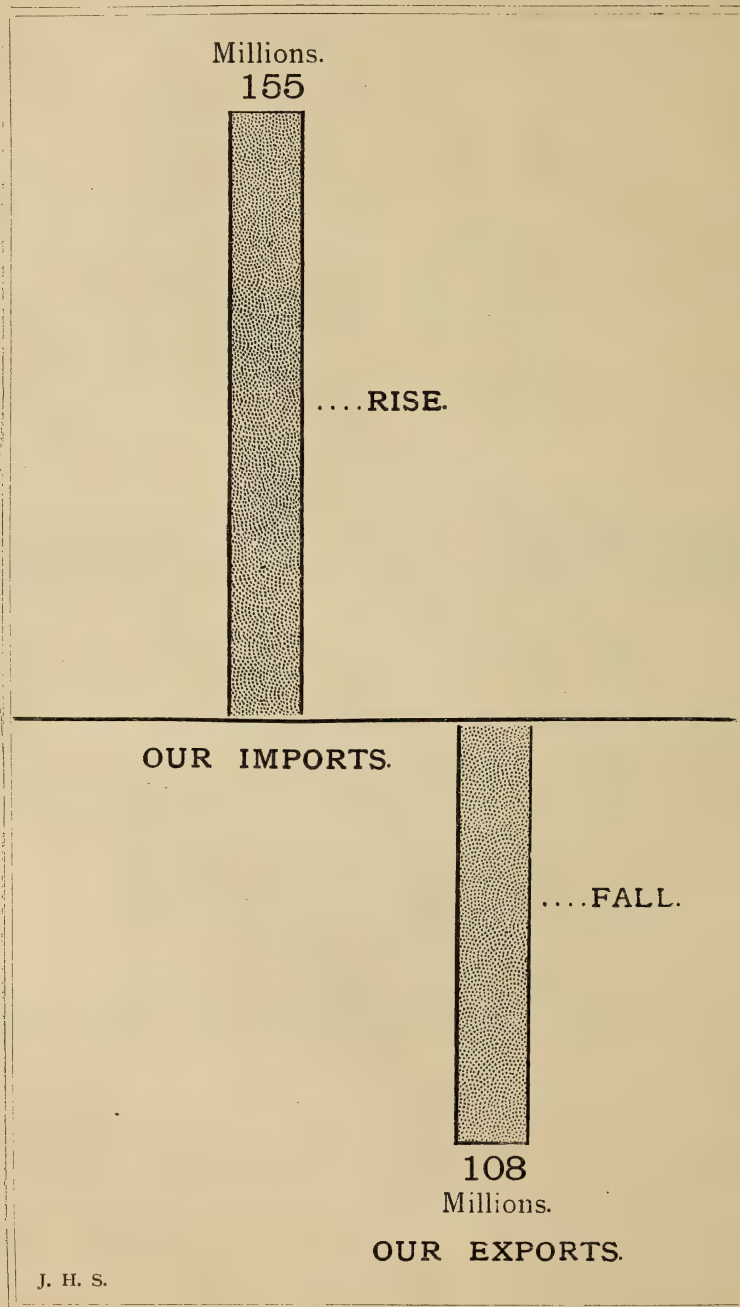
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OUR TEN PRINCIPAL MANUFACTURING INDUSTRIES.—Manufactured Goods. The Increase in our IMPORTS, and the Decrease in our EXPORTS, during 1893-1902. [*See Table A.*]



Protection or Free Trade?

By PERCY F. ROWLAND,

Chancellor's Essayist and Cobden Prizeman; and recently Lecturer in Economics at Canterbury College, University of New Zealand.

I.—THE OLD PROTECTION.

ECONOMIC questions are, of all questions, the least likely to receive illumination from researches in ancient history. To understand modern literature and poetry we have still to study Homer and Æschylus, and learn how largely later pages shine with reflected light; Aristotle and Plato are still the text-books of our philosophy, and the Elgin marbles of our art.

But the modern commercial State is an organism so much vaster, so infinitely more complex, than any evolved during Greek, Roman, or Mediæval times that there is comparatively little profit to be drawn from the study of early economic theory or practice.

Yet is there one underlying principle at the very basis of the whole inquiry, for which we must go back to those old Greek thinkers to whom we owe most of our political ideas. Protection means State action to promote a country's industries, by the agency of public tariffs and bounties, instead of their being left to be regulated entirely by competing individual selfishnesses. It thus involves collective action in fiscal matters—the agency of the State for the general good.

That the State exists for the general welfare is a political first principle we owe to Aristotle. It has become so much a truism that we are sometimes in danger of forgetting its truth, and occasionally fail to realise its implication that the functions of the State are limited only by their apparent beneficence, that any activity of the State is a legitimate one so long as it is likely to result in a surplus of good to the community.

Whether, of course, any suggested line of State action would be likely to result in such a surplus is a point for the most vigorous consideration in each particular case. But the rough-and-ready method of ruling Protection out of court on *a priori* grounds as "not within the functions of Government" has been abandoned by

the vast majority of thinkers everywhere. If the people of England decide that they are likely to benefit from their collective action in fiscal matters, it is in the highest degree improbable that they will be deterred by an isolated disciple or two of Mr. Herbert Spencer telling them that, in spite of its probable good results, it must on no account be introduced, because the functions of the State must be confined to the defence of the individual from internal violence and external aggression!

The thinkers of both sides, Free Traders not less than Protectionists, will to-day, in vast majority, agree to accept the Aristotelian theory of the State; they will agree that the State may regulate fiscal arrangements, if the general welfare is likely to benefit. They will differ on the question of probabilities.

Throughout the Middle Ages the Aristotelian doctrine of the State passed unquestioned. And, in particular, the State never hesitated to act for the promotion and regulation of trade for national purposes. The regulation of industry was considered the natural and normal thing. Prices and wages were regulated, so far as might be, by collective agreement rather than by individual bargaining. In the motley crowd of pilgrim excursionists in which Chaucer pictures to us contemporary England, we find, riding with the knight and squire and priest—

An haberdasher and a carpenter
A webbe, a deyner and a tapisier,
Alle yclothed in o livere
Of a solempne and a grete fraternite.

These fraternities or guilds were in some sort the trade unions of the day. And though, as Mr. Sidney Webb has pointed out, they were trade unions of masters, not of men, yet in those days of effective apprenticeship each "man" looked to become a "master" in due course; so the clash of the antithesis was not yet

audible. Members of a guild, like members of a trade union, united to secure a minimum wage, and they would teach a lesson to some modern trade unions in their zeal in securing a high standard of work. What was left unregulated by the guild, the State did its best to regulate. Of course such State activity takes on a very different aspect under different forms of government. So far as Louis XIV.'s "*l'état c'est moi*" was a statement of fact, any contemporary French State action in economics, or any other sphere, meant simply a more or less benevolent tyranny. The most notable State action in economics in the time of Chaucer was the endeavour to fix by statute the wages of labourers at the rates that had obtained before the Black Death. Parliament then represented, not, as now, the whole people, but the wealthy landowners and merchants only; so that what fiscal regulations became law were often distinctly pieces of class legislation in favour of the legislating minority.

In this respect the Old Protection differs entirely from any possible in modern times. Another vital difference is due to the excessive importance attached by the Old Protection to the preponderance of exports over imports, and to the consequent influx into the exporting country of a constant stream of gold. These beliefs, for which literary expression is to be found in the seventeenth-century exponents of the "Mercantile system," presupposed that wealth was a fixed quantity, of which the more one nation had, the less there was for another. Adam Smith's great service to his time was to show that trade, alike foreign and domestic, was essentially an interchange of commodities; that a nation wanted no more gold than should adequately serve to conduct its exchanges (excess of gold leading simply to a depreciation in its purchasing power); and that a nation economically gained, and not lost, through the prosperity of other nations.

It is impossible for a modern nation to revert to these natural mistakes of mercantilism. Present-day advocates of scientific Protection base their views on far other theories. One of the pities, however, of making "Protection *v.* Free Trade" a party cry has been the lack of a fair and judicial spirit in the conduct of the controversy. Free Traders, and for that matter Protectionists too, do not realise the truth on which the late R. L. Nettleship was never tired of insisting, that the most effective way of opposing any doctrine was to allow that doctrine first to be placed in its most favourable light and expounded by its ablest believers. To criticise any doctrine, economic or social or religious, solely from the point of view of the most ignorant of its adherents is really neither fair play nor sound policy.

It is no doubt much easier for the Free Trader to refute, for the thousandth time, the errors of mercan-

tilism than to find new weapons to meet the new assaults of modern scientific Protection. There will always be an excuse for so doing, because there will never be wanting among the less-instructed Protectionists a certain number of persons who honestly do think that imports in themselves are a bad thing, and exports a good, and that the more gold and silver a nation has, the richer it must be. This being so, it will always be a natural temptation to the Free Trade apologist to oppose the cry for fiscal reform by pretending to confound the arguments for modern Protection with fallacies of mercantilism which, as they state them, a fourth-form schoolboy could refute, almost without the aid of Mrs. Fawcett.

Nothing is more certain, however, than that victory cannot be won on those lines. If Free Trade is to remain the policy of England, it will only be because, on its own merits, apart from party shibboleths and mouldy formulæ, it, in the opinion of England, deserves a continuance of the liberal trial that has been afforded it.

The weaknesses, then, of the Old Protection to which it has seemed desirable to devote the initial paper of the present series may be summarised as—

1. The unwise regulation, or attempted regulation, of industrial condition in the interest, not of the whole community, but of particular classes.

2. The failure to realise the true nature of commerce, and the consequent misplaced anxiety to secure a plethora of the precious metals in a country.

3. The supposition that economically one nation's gain was another's loss; whereas really, while for political reasons it may be desirable for a country to keep its neighbours poor, economically the richer they are the greater will be the amount of superfluities they have to exchange.

On the other hand, the strength of the Old Protection—under which, after all, with all its defects, England grew to be the chief among the nations, believing which Henry fought, Drake sailed, Shakespeare wrote, Cromwell ruled, and Nelson conquered—was its grasp of the general principle that the commerce of a nation is the concern of the nation and not the mere private business of particular individuals captained by chance and greed; and that any wise steps calculated to secure the fiscal prosperity of the nation must be taken, even if they involve restrictions on the free exchange of labour or of goods. It is none other than George Meredith who sees the highest political ideal in "strength, to service vowed." Liberty is a good thing in itself, but if in practice it comes to mean liberty to starve, liberty to be the ladder of every nation to its own prosperity, kicked away as soon as used, then we may be content to find, with the poet, a worthier ideal in ordered service.

II.—LAISSEZ-FAIRE.

It has often been pointed out that the Reformation had political results almost as vital and lasting as those in its own proper sphere. The Catholic Church was primarily a collective organisation; the Calvinistic Church was primarily a gathering of individuals. The two main entities to mediæval Christianity were God and the Church; to Protestantism they were rather God and the individual. This change of attitude, after it had exhausted its results in the political sphere, changing our "despotism modified by common-sense" into a strictly limited monarchy, began at length to exert its influence on current views of economics.

By the time this took place the narrow Literalism of the Covenanters had given way to the philosophic Deism reflected in Pope's "Essay on Man." If the world were, as current thought supposed, an analogue to a watch, wound up by its Maker, and so constructed that every part, by doing its own actions, independent of enterprise, is bound to work together for the common good, then clearly Governmental interference with the divine purposes is as unnecessary as it is impious. *Laissez-faire* becomes a principle as much of common-sense as of religion.

The words themselves, of course, in their original implication, referred only to the removal of tariff barriers within the France of Turgot and the Physiocrats. "Let each man make what he likes without legal restriction; let the goods of one district pass into another without taxation." But popular instinct has unerringly fastened on the phrase as the keynote to the whole system of leaving "natural laws" to work without help or restraint from "legal enactment."

No sane thinker will at this time of day deny the value of the contribution to the knowledge and the welfare of the world by Adam Smith and the Physiocrats whom he succeeded. Whatever restriction and regulation of trade may be required for national prosperity, there can be no doubt that the excessive local imposts and official interferences of the time were a bar to commercial progress, and required to be swept away by the zeal of the reformers. But that the zeal of the reformers carried them too far there will be few today who will not be ready to admit. Free Trade may or may not be the most expedient means of securing the prosperity of a people; but who would nowadays claim for it the sanctity of divine origin? Who would now say with John Bright that "Free Trade, though not given amid the thunders of Sinai, is not less the commandment of God, and not less intended to promote and secure the happiness of men"?

Free Trade may be expedient or not. *Laissez-faire* may, or may not, be the best method to secure a nation's wealth; but to base the system on the will of

the Creator as exemplified in "natural law" is, as Mill says, to "confuse the ethical principle of conformity to nature which is expressed in the imperative mood and prescribes certain laws of action with those causal laws which science discovers by interrogating nature, and which are expressed in the indicative mood;" "to take," in Cossa's words, "*laissez-faire* as a scientific principle, when it is at best a mere rule of thumb, requiring frequent violation."

Democracy is by no means in essence allied to the principle of *laissez-faire*, which indeed sets artificial limits to the power of the people. But as government in the days when the principle was first promulgated was aristocratic or monarchic, in fact as well as in name, in every State of Europe, it was natural that the party of political progress generally allied itself with the economic enthusiasts who required the economic freedom of the individual from Governmental restraints. But the connection of the party of progress with "liberalism," properly so called, is a pure historical accident. In Australia the Free Trade party which rightly keeps the name of "Liberal" corresponds to the English Conservative party, while it is the Protectionist party (particularly in New South Wales) which is in alliance with the Labour party, and represents the democratic and progressive elements of society.

In a word, the democratic party in England was rightly considered synonymous with Liberalism, so long as the freedom from Governmental interference sought was freedom from a monarchical Government's attempts to restrict the people's prosperity. Now, when Governments have become democratic, when Governmental interference has come to mean action of the people in their collective capacity in the interests of the good of the community, Liberalism and *laissez-faire* become the watchwords no longer of political progress, but of economic stagnation.

The English people were not long in learning from bitter experience how far "natural laws" of supply and demand, left to themselves, were from promoting the happiness of the people. The long series of Factory Acts protecting, first, children, then women and young persons generally, from overwork in unsanitary conditions, have been one continued revolt against the principle of *laissez-faire*. The old-fashioned Liberals consistently resisted such legislation; but a younger generation, who inherited the name of Liberals from their fathers, but participated, nevertheless, in the democratic tendencies of their times, voted for restraint after restraint in the interests of the health and welfare of the community. An even more striking proof of the gradual

dissatisfaction of England with the principle of *laissez-faire* as the sole and sufficient instrument of economic, political, and social salvation was the passing of the Education Act of 1870. What could be more subversive of the whole theory of the liberty of the individual to "do what he liked with his own" than an Act that made it compulsory to send his children to school, to keep them there a certain definite time, and submit them to a certain definite course of instruction?

Since 1870 the whole tendency of the time has been to desert dogmatic *laissez-faire* in favour of legislative action for the common good. Such legislative action may not have always been successful. It is quite possible to maintain that many mistakes have been made, but those who take this point of view do not now base their opinion on the abstract injustice or immorality of State interference or "Socialistic legislation." They confine themselves to showing that on the particular point in question the interference was unwise.

Nothing would have shocked the fathers of Liberalism more than the extensive powers of the London County Council and its imitators. A town to run its own tramways! What an interference with the liberty of individuals who might wish to form a joint-stock company and exact (under the free and untrammelled laws of supply and demand) sixty per cent. from their fellow-citizens!

There are many who think that municipal activity may be carried too far, who consider that local pride occasionally leads to a too lavish expenditure of rate-payers' money. But there are few who would base

their opposition on any *a priori* liberal theories of *laissez-faire*. "Show me," "the general attitude will rather be," "that there is really likely to be any general gain accrue to the community from the proposed municipal action, which would not have accrued more certainly and more economically had the matter been left to individual action, and I will support the proposal."

This attitude, which would seem to be the normal attitude of Englishmen to any proposed Governmental or municipal activity, is all that the modern Protectionist requires. He does not want any one to hold that any extension of Government activity is *ipso facto* right. All he does want is the belief that no Government action is *ipso facto* wrong, if it can be clearly shown that the welfare of the community is likely to gain from it. He willingly admits that the onus of making out a case for Protection is on him. All he asks is liberty to make out that case, an "open mind" on the part of the nation, so that he will get a hearing, and not be howled down by cries of "Free Trade" and meaningless quotations from forgotten philosophies. With economic *laissez-faire* as a practical "rule of thumb" no one will be disposed to quarrel. The individual and the community will naturally be allowed to get rich in their own way, wherever it cannot be shown that they will do so more effectively with the aid of State regulation, and wherever it cannot be shown that the lack of such State regulation is producing political and social evils dangerous to the community. All that the Protectionist requires is that no mere adherence to a dead formula shall prevent a fair hearing of the case for reform.

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III.—THE NEW PROTECTION.

THE two great facts that make the Protection to-day intrinsically different from that which capitulated before the criticism of Adam Smith, wielded by the energy of Cobden, are (1) the democratising of our Government, (2) our hegemony of a group of self-governing nations with a territory some forty or fifty times our own, small at present in population, but capable of almost indefinite expansion. While the first fact makes it certain that no Governmental action will take place which does not, in the opinion of the whole people, make for the common good, the second widens our outlook from the affairs of our three northern islands to those of the whole Empire of which we are the head. Even if Free Trade might still be best for us, if we limit our outlook to our little islands, we shall hesitate to retain it if it be likely to involve the loss of our colonies and the sinking of Great Britain to be, like Holland and Spain, an ex-Imperial nation, her glory withered, her income dependent on the archæological interest of Americans and Australians.

Cobden, as is well known, believed that a few years would see the adoption of Free Trade by every civilised nation on the globe. But the outstanding feature of the last quarter of the nineteenth century has been, not international Free Trade, but national Federation.

No doubt in this, as in so much else, America taught the way. It was an American economist who, first of the moderns, saw the illusory nature, in the present state of the world's evolution, of schemes based on internationalism; and saw that it was by a number of competing nations, each of great size, each so far as might be self-sufficient, that the highest welfare of the world could as yet be attained. The day of city-nations was past; the day of province-nations was past; the day of empire-nations was first to come before any scheme of world-national unity could possibly bear fruit.

Friedrich List, in his "Outlines of American Political Economy" (1827), expanded some years later into his "National System of Political Economy," wrote the text-book of modern Protectionists. A German economist of great mental force, he was converted to Protection during his residence in America, which had been steadily Protectionist since Alexander Hamilton made his report on manufactures in 1791.

It is, no doubt, the success of America, adopting as its economic principles the doctrines of Hamilton, List, H. C. Carey, and Patten, which has set in the revolution towards nationality, and Protection as its handmaid, which, next to democracy, has been the most

notable tendency of our time. Half a century ago Internationalism was in fashion; under the shadow of the great glass house in Hyde Park no one dreamed of throwing stones. National strife was dead. Henceforth the nations, once rivals in war, were to be co-operators in commerce, each of them helping each other to progress and prosperity, and as it did so, automatically, owing to the charmingly beneficent constitution of the universe, helping itself to the progress and prosperity it spread abroad.

Such dreams were roughly broken by the cannon of the Crimea, echoed twenty years after through the streets of starving Paris. From the fires of the Franco-German War there rose a new nation in the direct path of progress, Imperial, Federal, and Protectionist. The German Empire, not less than the American, found in Protection the seal of national unity, the basis of national welfare. Three years previously there had arisen the first confederation under the British Crown, that of the Canadian provinces. Thirty years after the Australian Commonwealth has followed the lead of America, Canada, and Germany, combining the most democratic constitution in the world with loyalty to the Imperial tie, and it, too, finding in Protection the natural guardian of national life.

The British Empire now finds itself in this anomalous condition. Alone of the world's great empires, it is a congeries of far-separated nations, without any one definite fiscal or political unity. The other great empires—America, Germany, Russia—may fall behind it, one in size, one in wealth, one in enterprise, but all have that vital principle of cohesion without which any nation is liable to fall away into its component parts. The British Empire alone, instead of growing in cohesion, seems steadily to lose. The central control over Canada and Australia is not greater but less than it was before federation; in either case loyalty to the Imperial tie was more certain between each of a number of quarrelling colonies and the motherland than it is between the two new nations and the old nation which gave them birth and protects them, but finds it too much trouble to go out of her way to understand their point of view or sympathise with their ideals. During the Prince and Princess of Wales's recent colonial tour, Englishmen superficially rubbed up their geographical erudition. It is even said that a lesson in colonial geography was given in two or three English public schools (by gentlemen who had never left Middlesex). But when one of the leading London illustrated weeklies published and engraving of Hobart, with the inscription, "Hobart, New Zealand," no one in England seemed

to notice it—a small matter; but a straw may show the wind, and even, as they say, prove too much for the camel. Geographically it was just as big an error as to say that London was in Algeria, or Dublin in Norway. The quidnuncs of Sydney made merry over it, but the last thing the average Englishmen knows is any certain fact about the wider England that is his birthright, and as long as Hobart is vaguely known as "in the colonies," Australia, Africa, Canada, or New Zealand is all the same to him.

The lack of knowledge of the colonies has long been keenly felt by a small band of imperially-minded men, who have grasped the fact that the Empire must be more, or nothing—that England must be an incomparably greater nation, or none at all.

For years it has been on the political side that such enthusiasts have hoped to see the Empire become more than a nominal bond of race and speech. But it seems abundantly clear that means of communication must be much ampler, cheaper, and quicker before any scheme of Imperial Federation could leave the lecture-room for the law court. We seem to be, for the time at least, at the end of any improvements in sea transit, the speed and cheapness of passages having improved comparatively little in the last two decades. But distance is no bar to commercial union. Rather the very differences of an Empire scattered over a score of seas, in every change of climate and of soil, present the very best field for industrial reciprocity. Nothing is more certain than that, if we cared to try, the British Empire would readily furnish all the wants of all the Britons. But there are, of course, great difficulties in the way of any scheme of commercial Imperialism. All the colonies, like other progressive peoples of the world, are strongly Protectionist, and likely to remain so; nor is it probable that inter-Imperial trade will ever be more than a vision from the Gate of Horn. The interests of the colonies are different, and liable to clash; no

fixed rule could apply to all, and in the adjustment of wise and far-sighted tariff arrangements greater political prescience and practical economic knowledge will be required than have recently been conspicuous in any country but America.

Shall we, then, frankly give up our Imperial ambition? Here we have two fertile and equable islands; somewhat overcrowded it is true; somewhat befouled by the dirt, and spent by the toil, of the mills that have ruined our fields, and are apt to grind our manhood exceeding small. Still, here they are, these our islands; at any rate somewhat larger and richer than Holland or Denmark. Shall we give over our ideas of empire; "cultiver notre jardin"—*Anglicè*, enlarge our factories—make England still more the free-trade "workshop of the world" and the graveyard of her glory?

With the persons who honestly say "Yes" to the query I have no quarrel. There is much to be said for the Little England point of view, as there is much to be said for separation from the standpoint of each of the colonies. The pessimistic theory that marks on the pages of history the birth, growth, decline, and death of every empire yet existent can see nothing but necessity in England, having mothered the colonies, allowing them to drift off one by one, and found new Englands of their own; while she herself sinks to the stage of Holland or of Spain.

Those, however, who believe in themselves, believe in the mission of their people, believe that the day of federations is but dawning, will hardly be likely, through the difficulties of any scheme, to abandon it prejudged, misrepresented, and untried. That the New Protection has sound economic as well as political arguments to urge in its favour, and that the difficulties of inter-Imperial fiscal arrangements, great as they are, need not prove insurmountable, subsequent articles will attempt to show.

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IV.—THE POLITICAL ARGUMENT.

(a) For Free Trade.

THERE are only two serious arguments in favour of Free Trade from the political, so far as that aspect can be kept distinct from the economic and social, point of view. The first is of great weight, and must be faced resolutely by Protectionists if they are to have any likelihood of converting the English people. It is briefly this: We owe our immunity from foreign attack largely to the fact that in extending our Empire we at the same time have extended the commerce of other nations at least as much as that of our own. It is contrary to human nature for any people to be over-anxious to fight another for opening up new fields for the trade of both, and it may be safely assumed that European non-intervention in the recent South African war was largely due to the fact that France and Russia and Germany realised that the Transvaal and Orange Free State, as British colonies, would be more, and not less, open to their markets as British colonies than as independent peoples. If the British Empire, by means of commercial federation, were to become more than a far-sounding but empty name, there can be no doubt that future Imperial expansion would be looked at by the world in quite another light. At its worst it might come to this: we could expect no further expansion, except at the risk of having to fight for it.

But do we need further Imperial expansion? Have we not enough of the world's surface? Are we not at a stage when it befits us to echo the Roman's prayer for the preservation rather than the extension of the Empire? Will not the English world now gain more rather by intension than extension; and, above all, if we really are united in determination as to the necessity of any particular piece of expansion, shall we not, as a United Empire, be well prepared to fight for it?

It would be no light matter to sacrifice, if such a sacrifice be indeed necessary, the good-will of Europe. But if that good-will of Europe be founded on contempt for the "good easy" nation that is the friend of all nations rather than itself, may it not ultimately prove best to sacrifice a contemptuous goodwill to gain a well-grounded respect? European nations would respect England more as the real head of a united Empire, practising the same fiscal policy as themselves, than they can possibly respect her as the irresponsible mother of irresponsible children, the unconscious friend of others, her own worst enemy.

The other political argument is based on the undesirability of identifying Imperial loyalty in the colonies with adherence to either of the parties in

colonial politics. It must not be forgotten in England that for many years the dividing line in colonial politics has not been Liberals v. Conservatives, but Protectionists v. Free Traders—the Protectionists being the progressive party, the Free Traders the reactionaries (very largely consisting of the wealthy Sydney importers and their dependants). Now, if Imperial loyalty is to be identified with either colonial political party, it is no doubt with the progressives and Protectionists that such identification should take place, they being by far the more numerous and influential of the two. At the same time the Conservative Free Trade minority contains men of influence and ability; and it is no light responsibility that weighs on us if we jeopardise their allegiance by giving our adherence to the party of their adversaries. Personally, however, I am by no means convinced that Australian Free Traders may not prove Imperialists first and Free Traders afterwards.

In 1900 New South Wales had been a prosperous Free Trade State for many years, and had been daily assured by both her morning papers that she owed her prosperity entirely to Free Trade. Yet when the question of Federation was put to popular referendum, New South Wales ultimately proved that she put patriotism above a doubtful fiscal theory, and returned a large majority in favour of a Federation that she knew must involve Protection. Such a piece of really unselfish patriotism encourages the hope that loyalty to the Imperial idea may enable Australian Free Traders to forget old party lines of struggle, and join with the Protectionists, when occasion comes, so to amend the tariff of the Commonwealth as to place English goods on a more favourable footing than those of any foreign nation. The fact that England has for the past fifty years been a devotee of Free Trade doctrines in which the large majority of Australians and Canadians do not believe has not prevented the loyalty of the Dominion and the Commonwealth. Is there any adequate reason for supposing that Free Traders will be less loyal than their political opponents now that the tables are likely to be reversed?

I myself refuse to believe it. Free Trade in the colonies is less a matter of abstract principle than a judgment, right or wrong, of practical expedience. Colonial Free Traders have only to be convinced that the Empire, and they as part of the Empire, have more to gain than to lose from Preferential trade, and they will do, as the Hon. Bernard Wise, Attorney-General of New South Wales, and till recently among

the most prominent of Australian Free Traders, has already done—abandon an unpractical theory of economic reaction for a working scheme of progressive Imperialism, hand old political watch-cries to oblivion, and shape a new course for a nobler goal.

It is probable that in England the political arguments in favour of Free Trade count for less than they are honestly entitled to do. It is political sentiment rather than political principle that inspires the Opposition to howl down even the consideration of Mr. Chamberlain's scheme. The sentiment of Conservatism is enlisted on the side of any institution that for any length of time has been tried in England. Thousands of persons are at this day shouting for Free Trade for no better reason than that their fathers were Free Traders before them. The word "Free," moreover, has an engaging sound. It suggests doing what one likes, and also getting something for nothing—two suggestions infinitely attractive to the inexperienced mind.

But England is politically more experienced than she was in the fifties, when "free" speech, "free" trade, and "free" thought were the ideals of the masses, bound to bring all blessings in their train. The English people have learned that since it is they that govern, government is no hardship; while as for getting anything for nothing, that is a phenomenon as rare as it is undesirable. The world, they have learned, is organised on a basis of pay; the "labourer is worthy of his hire," but must not expect the hire without the labour.

Yet is there something, I will not deny it, dear to the English heart in the words "Free Trade," something that the sentiment of conservatism cannot entirely explain. It is in accord with the sturdy independence of our race that we should take pride in a system that every other nation has discarded, and proudly extend to them all a generous treatment that we know that none will reciprocate. It is this sentiment, that we are not as other men are, that we are in some sort God's peculiar people, that sets the editor of the *Spectator* invoking the Deity to save Free Trade, and is, I believe, more than any rational argument, the cause of the chorus of disapproval that has greeted the suggestion of Imperial reciprocity. It is fine, this proud sentiment of superiority, however certain it is to lead to political strife and industrial ruin. It is magnificent, but it is not peace. No *pax Anglica* throughout the Empire can be founded on such a theory of arrogant parochialism, no Imperial bond can possibly be forged of such unyielding and untempered steel. We may well admit the nobility of the sentiment, and its high utility for the time that called it forth. But the nobility of a sentiment or of an institution by no means secures its right to immortality. What would have been nobler than the motives which inspired the Mediæval orders of "poor brethren," or the republican fervour of Cromwell's independents? The classicalism that gave us St. Paul's Cathedral was highly useful, the "Gothic revival," to which we owe the Law Courts, was not less useful;—each for its generation, but not for ever,—"lest one good custom should corrupt the world."

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V.—THE POLITICAL ARGUMENT.

(b) For Protection.

WHAT are we to understand by the first two syllables in "political"? What is a State? On our answer to this question our attitude to the whole question of fiscal policy must needs depend. If "State" means "city" or "province," then Free Trade may well be a necessary policy. But if political, like æsthetic, perfection demands "a certain size," if that size is regulated, not, as Aristotle thought, by the power of a herald's trumpet, but rather by the circulation of our *Daily Herald*s and *Posts* and *Telegraphs* that flash the last day's news from million to million—if a modern Federation like the German or American is the true modern type of State, then must Protection seem the natural and necessary policy, or, rather, Free Trade within the *πόλις*, Protection without. No doubt the ultimate ideal is unattainable at once. Generations must elapse before we can hope for the Free Trade within the Empire which is the correlative of Protection beyond its boundaries. It is impossible in a moment to counteract the tendencies of half a century. We have made no attempt for so long to consult or promote the industrial development of our Colonial Empire that we now find ourselves face to face with independent Protectionist systems in all the colonies.

It cannot be until the circulation of labour and ability becomes much more free and frequent throughout all parts of our Imperial State that inter-Imperial Free Trade can be more than a counsel of perfection. But a tentative beginning can be made now, indeed must be made now if we are to avoid the full penalty of our long delay. The immense gain to our political strength that would result from any effective federation of the Empire is too obvious to require demonstration. Under our present system—or absence of system—our vaunted "Empire without an emperor" is in danger of at any time relapsing into an emperor without an Empire. The scattered nature of our component nations is a danger, so long as we remain disunited by any real fiscal or political bond of union, and the forces of disintegration will do their work unless a bold stroke is struck to counteract them. In Australia there is, and there has long been, an active party in favour of separation. Or rather there are two parties. One of them, containing a few of the ablest and most thoughtful men in the Commonwealth, favour separation in the highest interests of the nation. Admitting England's services to themselves and to the world, they yet regard her as too indissolubly bound up with hereditary conservatism to be other than a

clog to national progress. Looking out on the two great Anglic civilizations, American and English, they honestly prefer the former, and consciously set themselves to bring the institutions of the Commonwealth in line with those of the Republic.

But side by side with these moderate and philosophic separatists, who are as yet extremely few in number, there exist large numbers of anti-British agitators of a much more dangerous type. These, through the medium of the press, particularly one extremely able and influential weekly that circulates throughout Australia, are for ever preaching the greed and incompetence of England, her corrupt aristocracy, seizing on the all too frequent instances of English carelessness or contempt of colonial feeling, picturing England's only concern with the colonies as the money-lender's desire to get good and safe interest for his money—jeering, exaggerating, misrepresenting with such energy and such wit that the average Australian is yearly in danger of coming to believe what he is so often and so ably told.

A scheme of preferential duties, even if at first of very partial and moderate dimensions, would be the first nail in the coffin of separation. Australia and the other nations of the Empire would realise that Britain was beginning to feel that they were all one Imperial people, and was willing to allow their co-operation, not spasmodically, in an hour of national danger, but constantly, as partners in national prosperity.

"It is easy to decry," I have written elsewhere, "easy to condemn, some of the methods of the expression of loyalty after the relief of Mafeking, but to me at least that passion of enthusiastic patriotism that swept over the English world at the touch of the message-wires is nothing to be laughed at. To me, at least, the Mafeking outburst had something of a Pentecostal nature; from it I date the gift of the Imperial spirit to the scattered nations of the Empire.

"I shall not readily forget that afternoon when, after weeks of waiting, the little New Zealand town of Christchurch was kindled into a wild burst of joy by the tidings that Mafeking was safe. In an instant business was suspended. Every bell clashed the news. Every house poured forth its inmates. Every heart was warm, every eye was moist. The city assembled in the cathedral square and mingled rejoicing and praise. The whole thing was perfectly spontaneous, or, when one remembered that all this was a tribute to the pluck of a handful of soldiers from a distant northern island that few of those present had ever

seen, or ever hoped to see, although they called it home, infinitely touching ; a tribute to the imagination of our people, the essential feeling of Imperial unity, a triumph of mind over space.

"Similar scenes were repeated throughout Australia. Their spontaneity and transparent sincerity were enough to convince all who saw them of the reality of colonial patriotism."*

The question is whether we shall utilise the forces of this burst of patriotic enthusiasm, before they die low, to forge a lasting bond of Imperial union. It is useless to deny that such welding process, if it is to be sure and permanent, must needs be of great difficulty ; it must involve our putting ourselves out not only to consider the welfare of the several colonies, but to learn where they are, and to understand their different points of view.

The untraveller Londoner, whose views are bounded, in time by the week after next, in place by the Inner Circle or the Tube extension, may excusably find it difficult to realise why we should put ourselves out for the sake of far-distant colonials, who, when all is said, when every mountain and vale and island, desert and plain, of the Empire be searched and counted, do not greatly outnumber the denizens of London.

Those to whom opportunity has given wider views defend their assigning the colonists a place in their plans and thoughts out of all proportion to present numerical strength ; convinced that the colonies to-day are, to what they will be, but as the acorn to the oak ; that Canada and Australia possess in their vast extent and uncounted natural wealth not only the potentiality, but the certainty of indefinite development. And what we saw of the colonials in the South African war not only heightened our admiration for their patriotic fervour, but also deepened our respect for their character. We found them, if not braver than the pick of our English troops, at least as brave, more level-headed, and more resourceful. Veld and ranch and station are invaluable formative influences of national character. Confining our realm to little England, we should be depriving ourselves not only of unrivalled possibilities of Imperial growth and prosperity, but of some of the most vitally important sources of racial sanity and strength.

But the political argument for Protection does not begin or end with the colonies. Even were our colonial Empire as much a thing of the past as is that of Spain, Protectionists affirm that their system is more than justifiable on purely political grounds. In a world of purely Free-Trade nations, or even one in which the majority of nations were Free Trade, Protection might, perhaps, be politically difficult to defend, raising as it does barriers between the nations, making possible as it does political struggles through commercial jealousies. But the world is not purely Free Trade ; nor is there in it a majority of Free-Trade nations.

England is practically the only nation in the world that still remains true to Cobden's principles. Fostering their own trade at the expense of ours, America's and Germany's efforts have been crowned with such success that we may well ask : Must we not in self-defence adopt a system which allows us to contend on equal terms with our rivals ?

In particular, American trusts have assumed such gigantic proportions that it may well seem that individual effort in England is powerless to cope with them. Their plan of campaign, as is well known, is to undersell an English industry, even if it means temporary loss to themselves, until the industry is ruined or capitulates. Then, a practical monopoly having been attained, up go the prices : America has gained one more victory at the expense of England. More and more English ex-employees are driven into the ranks of the unemployed.

But, it may be asked, if individual action has failed to resist the all-powerful trusts, will collective action be any more successful ? Clearly, yes ; American trusts are only omnipotent because our free import system leaves us at their mercy. By legislative action in fiscal matters we can, if we will, entirely shut out any American manufacture which, through the tactics of combining millionaires, bids fair to ruin any healthy British industry.

What is true of American trusts, is true in less degree of French and German State-protected industry. At present the latter is scoring victories all along the line through our defenceless condition : we have dismantled our fortresses, and are surprised that every year shows further evidence of the inroads of the foreigner. Under a wise scheme of Protection we should resume our old supremacy. Nor should we forfeit any real respect from the nations. No doubt they would grudge us expansion of Empire, as they would grudge it each other ; but they would have no right to feel hurt at a fiscal system bent on encouraging our own industries, promoting our own prosperity. Nor is it likely they would. We shall win more respect as the equals of France and Germany than as their dupes.

From the standpoint then, of a united Empire, from the standpoint of a competing European commercial nation, Protectionists have much to say for their system on political grounds. A stronger argument still, though one more prominently set forward on its economic than on its political side, is the necessity of many-sided activity for political strength, as also for economical wealth and social progress.

It is no doubt true, as Free Traders maintain, that even without Protection, no industry is likely to exist singly. The "natural protection" of distance inevitably causes, for instance, a pure agricultural community rather to make than import its own bricks, houses, carpentry, &c. The question is whether a nation is likely to be politically stronger left solely to the arbitrament of chance than if her fiscal

* "The New Nation," page 298.

affairs are consciously ordered with a view to many-sided development. It may, of course, be that human beings are naturally unfitted for industrial co-operation for the common good; it may be that the present system of unrestricted competing selfishness is the only one economically justifiable. To believe so, however, is to think ill of human nature, and to be

strangely blind to recent American industrial history. How many Free Traders really in their heart of hearts believe that had America left its finance to chance instead of to Government, had remained as true as England to the principles of Cobden, that the States would have been either economically a wealthier nation, or politically a stronger one?

VI.—THE ECONOMIC ARGUMENT.

(a) For Free Trade.

THE economic argument for Free Trade finds its basis in the natural differentiation of the world's surface, climate, and capacities. Man can do wonders; he has even learned a few things since Adam Smith's time; but it is as true to-day as it was in the time of the 'Father of Political Economy' that he cannot neutralise the results of natural terrestrial endowment. No doubt, as Adam Smith says, "by means of glasses, hotbeds, and hot walls, very good grapes can be raised in Scotland, and very good wine, too, can be made of them," but "at about thirty times the expense that at least equally good can be brought from foreign countries." This being so, just as in the life of the individual it is economically advantageous that each should devote himself to one particular work, and that all should then exchange the results of their labour, rather than that each should, Robinson Crusoe like, endeavour himself to supply all his own varied wants; so in the life of nations it is economically advantageous that each should devote itself to those industries which it is able to carry on cheapest and best, and should then exchange the results of its labour with the results of labour employed under the differing conditions of other countries.

It is not enough, according to the strict doctrine of comparative cost, that a nation should excel all other nations in the production of any one commodity. That alone will not justify it in producing that commodity. It must be able to excel other nations more in the production of that commodity than in the production of any other exchangeable commodity.* Thus, supposing New Zealand can grow wool for the English market 20 per cent. cheaper than England can grow it, and wheat for the English market only 15 per cent. cheaper, it would be profitable, other things being equal, for New Zealand to give up wheat-growing for

sheep-raising, in spite of the fact that wheat-growing was carried on at a profit. For by so doing her labour will most profitably be employed; more commodities can be purchased, more wants supplied than if the nation distributed its energy over many activities.

This doctrine of the desirability of a few great industries rather than many little ones, and the preferability of exchanging commodities we could make most cheaply for commodities that foreign nations could make most cheaply, is, of course, hypothetically, entirely valid. Moreover, if a nation's most profitable industries be manufacturing rather than agricultural, by confining herself to a few large industries rather than spreading herself over many small ones she will be able to make them still more profitable through economies effected owing to the localisation of industry. While in agriculture there works a law of Diminishing Returns, owing to which, after a certain stage has been reached, "by increasing the labour the produce is not increased in an equal degree," so in manufacture there works a law of Increasing Returns, by which, after a certain size has been attained by an industry, every increment of labour adds more than a proportionate increment of production. Thus, one of the reasons why American machine-made furniture is underselling English in Australia and other portions of the Empire is that, owing to the enormous scale on which the industry is worked, economies can be effected which are impossible to nations in which the industry is small and isolated.

Protectionists gain nothing by attempting to dispute the hypothetical truth of the theory of Foreign Trade. In a world of nations all practising Free Trade the system would have many real advantages. But it may be doubted how far those advantages are actually enjoyed by a nation which stands alone in allowing foreign nations to tax her exports to any imaginable degree, while she admits her imports free. Is there real economic advantage in favour of one-sided Free Trade? No doubt the one Free Trade nation's *con-*

* Ricardo gives an illustration from individual production: "Two men can both make shoes and hats, and one is superior to the other in both employments; but in making hats he can only exceed his competitor by 1-5, and in making shoes he can excel him by 1-3. Will it not be to the interest of *both* that the superior man should employ himself exclusively in making shoes, and the inferior man in making hats?"

sumers gain at the outset. Englishmen and Australians buy their chairs and "roll-top desks," for instance, more cheaply than they otherwise would. But if we are all consumers, we are all producers, too. It profits an English furniture-maker little to know that owing to Free Trade he gets his loaf one-ninth of a penny cheaper, or even a whole penny cheaper, than he would under Protection, if, owing to American protected competition, his trade has departed, and he thus has no wages at all with which to buy it. "But," says the Free-Trader, "the trade of furniture-making having been found not economically advantageous in England, other trades spring up for which it is better suited, in which it can make commodities more cheaply and exchange them to better advantage."

Without pressing the matter from the unfortunate English furniture-maker's point of view, who, having devoted his life to learning his trade, is now perhaps too old to learn another, and joins, perforce, the army of the unemployed, we may well ask: "What proof is there that the ruin of one English industry by foreign protected labour necessarily involves the starting of any other?"

When a distinguished modern novelist recently asserted in the *Spectator* that he was unable to convince himself that by buying a motor-car in England rather than in France he was not doing a good service to English industry, economists rushed in where the author of Sherlock Holmes had not feared to tread, and pointed out with a perspicacity almost equal to that of the famous detective, that if the French motor-car was bought it was presumably because it was best. (This by no means follows: a quite unreasonable

fashion often deciding these matters.) English manufacturers, if they could not make satisfactory motor-cars would, no doubt, devote their energies to something that they could make cheaper and better, and then exchange the results of their labour for French motor-cars.

But how if, through all Englishmen putting abstract before national economics, the English motor-car industry were entirely ruined, and the men thrown out of employment, unless they were able to migrate to France? What reason is there to suppose that this ruined industry would lead to any corresponding increase in an old industry, or any starting of a successful new one?

"But," say the novelist's critics, "the motor-car is not paid for in money: money only regulates the exchange: the motor-car is really paid for by the exchange of some commodity which the English do make better and cheaper than the French." To which it may be asked: "How do we know that the payment is not made out of capital? England has been a wealthy country for many years: her stored-up wealth in credit and in goods is incalculably great. How can we be sure that, as industry after industry finds foreign-protected competition too strong for it, we are not being forced to live more and more on our capital? No doubt, if so, commercial ruin will eventually convince us of our error. But then our lesson will have been learned too late.

The economic advantages of foreign trade must, then, be held hypothetically true; but like so much of the old political economy, the bare theory is rendered of comparatively little practical value by the existing conditions of the world in which we live.

(b) For Protection.

THE economic argument for Protection is usually based on figures showing, or tending to show, the comparative stagnation of English trade under Free Trade. Free Traders, on the other hand, have no difficulty in adducing figures to show that English trade is prospering, in spite of hostile tariffs. As it is impossible to be sure—so many matters other than the fiscal problem enter the question—that increasing trade in America is due to a Protective system, or that the present wealth of England is due to her fifty years of Free Trade, it has seemed best to the present writer to leave the statistical side of the argument alone, as essentially inconclusive; with, however, the observation, in which all fair-minded Free Traders will concur, that the figures, if they show increasing English trade, show American and German trade increasing in at least as great a proportion.

English Protectionists have perhaps laid themselves open to the charge of attaching undue importance to an excess of exports over imports, and have laid themselves open, not unfairly, to the charge of forgetting

that foreign nations would certainly not send us commodities if they were not getting an equivalent from us, and that as one of the great creditor nations we must always expect a certain balance of imports by way of interest on money we have lent. (Thus the Australian Commonwealth alone has to send England annually commodities to the value of £12,000,000 by way of interest on borrowed money.)

On the other hand, English Free Traders must admit that an excess of imports over exports beyond a certain limit must ultimately involve disaster. What we import undoubtedly must be paid for. At present, it is paid for partly by loans we have already made, partly by commodities we still export. But if through protected foreign competition our export trade is annually diminished, then a time must arrive when our position as a commercial nation becomes imperilled. As to whether that time has yet arrived, the figures at the disposal of the public are inconclusive. One of the reforms that Mr. Chamberlain's inquiry may well lead to would be the establishment

of a commercial Statistical Bureau, in charge of competent economists and business men, which could really afford information on the subject in a scientific and non-partisan spirit.

Meanwhile it will be more within the scope of my present purpose to state an economic aspect of Protection which seems to deserve greater prominence than it has yet secured in the controversy. The difference of terrestrial soils is not the only natural fact on which our economic life is based. The difference, if the expression be allowed, of human soils is not less, but rather more, vital and permanent. Have not apologists of Free Trade, in their stress on the geographical and climatic differences of the world and the consequent need for national co-operation, been somewhat inclined to ignore the mental and physical differences of individual men in the same country, and the consequent need for all-round national development ?

According to the doctrine of comparative cost, it might well be that, in devoting itself entirely to one or two great industries, a nation would achieve its greatest possible economic welfare, were it not for the fact that in those two or three industries, and the few necessary subsidiary trades, it is in the highest degree improbable that all the ablest citizens of the State should find the work for which they are most fitted. If an orthodox political economist of the abstract school had been consulted as to the proper policy for the growing nation, he would undoubtedly have replied that as it was in agricultural produce that America

could most excel other nations, it would be economically advantageous for her to devote the whole of her energy to agricultural production, and exchange the results for the surplus products of manufacturing nations.

No sane inquirer can really doubt that had she done so, America could never have been politically the powerful many-sided nation that she is to-day. But is it likely that even, from a purely economic standpoint, she would have occupied her present commanding position ?

I cannot think so. Men are not made all equally fitted for agricultural labour or management. A thousand delicately adjusted differences of temperament and of endowment make one man more competent for one industry, one for another, and it may well be doubted whether under a purely Free Trade system sufficient variety of industries would naturally grow up to secure to each man, or to the majority of men, the work at which they would show themselves the most efficient. It is, at least, significant that history records no instance of a nation having developed without the aid of Protection. England owes the starting of her staple industries to days when no one doubted the duty of a State to protect its own trades and encourage its economic development. The fact, even if we admit the fact, of economic progress during a temporary experiment of Free Trade, by no means proves that such economic progress would continue under continued Free Trade, nor that it would not have been still greater under Protection.

VII.—THE SOCIAL ARGUMENT.

(a) For Free Trade.

It is by an odd turn of the whirligig of time that it is the Conservative party that is advocating reform on social grounds, and that it is the Liberal party that is resisting it on grounds of conservatism. It is enough to make us wonder what value there is in keeping up the old party names, and whether, as in the colonies, the lines of political demarcation in the future are not likely to be Protection *v.* Free Trade.

There will, however, be this distinction. Whereas in the colonies the "progressive," in sympathy with the Labour movement, is almost invariably Protectionist, in England there will certainly be many thousands of "progressives" who will honestly oppose fiscal reform. This will, no doubt, be largely due to the political "sentiment," of which something has been already said. But it would be uncandid to deny that many progressives, quite apart from any traditions of

the party to which they belong, do honestly believe that, under the present fiscal system, social reform can best be secured.

They point to the improvements in the artisan's lot that the last two generations have undoubtedly seen. They cite Mr. Sidney Webb's authority that during the reign of the late Queen "there has been a substantial advance. In the great mass of trades the money-wages of the men are much higher, and the workman obtains a far larger supply of commodities in return for his labour."*

"Why interrupt this progress," this section of Free Traders ask, "to revert to a system under which our poor were much poorer ? All change is not reform ; we Liberals resist fiscal change on the ground that it is

* "Labour in the Longest Reign," p. 8.

not reform, but reaction. The improvement in the labourer's lot under the proposed fiscal change is but problematic; but an increased cost of commodities is certain. Especially will that be felt in regard to food. A farthing a loaf means little or nothing to the prosperous classes; it means additional misery to the lot of many thousands, who even at present find life scarcely endurable."

As to the advantages that must accrue to the community through a wise scheme of Protection, they may be mostly left to the concluding chapter. But the argument of the "dear loaf" cannot be suffered to pass without a word of criticism. Mr. Benjamin Kidd has well pointed out in the *Nineteenth Century** that at the very time that the Liberal party was making great political capital because a corn duty had been imposed so small that it was a question of dispute whether or not it was perceptible to the consumer, the action of American trusts had forced the price of meat up a penny a pound without any political agitator saying a word. If it were possible to lift the whole discussion out of the atmosphere of party cant and *ad captandum* cries, it may be doubted whether we should hear much talk of the "dear loaf." No scientific Protectionist would dream of imposing any tax on food heavy enough to be really felt by the consumer, except such tax were accompanied by such Labour legislation as to give the labourer more than an equivalent for his extra payment.

No one can say that, apart from political agitation, there was any real public feeling of discontent with the recent corn tax. A protective system commencing with a corn duty no higher than that, and admitting corn from all parts of the Empire duty free, would, coupled with slight rebates in favour of colonial wines and dairy produce, suffice, without increasing the cost of living one farthing per week per family, to establish the idea of Imperial commercial unity, and make possible subsequent Labour legislation on an Imperial basis.

A more really serious argument for Free Trade

than the "dear loaf" cry is the objection to introduce elements of corruption into the at present healthy condition of English public life. We may be a stupid people, but we like at least to think that we are an honest one. We like to think our House of Commons above suspicion. Would it be so any longer if it were to be the arbiter between competing commercial industries, if all the different manufacturing interests in England were vying with each other to get Protection for their particular products, if the welfare of commercial ventures might depend on the votes of Parliamentary members?

It must be admitted by fair-minded Protectionists that Protection certainly may make more political corruption than is possible under a Free Trade régime. But it may be questioned how far corruption would be a possible or even a necessary outcome of Protection in England. Our municipal bodies have become not more, but far less venal, now they have acquired larger commercial powers. The opportunities of corruption have been increased, but so has the calibre of the men to be relied on to withstand the temptation.

Even if in some cases members should yield to pressure from their constituents in favour of some particular industry which was not really entitled to protection, yet competing interests might well ensure a sufficient approximation to justice for all the community at large to be the gainers. It is taking a low view of the mental powers and moral stamina of the British Houses of Parliament not to believe its members as capable of agreeing on a tariff conducive to the commercial progress of the nation and of the Empire, as have been the Federal Houses of America and of Australia. The main lines of the tariff system, once devised, would not be readily altered, and a judicious system of compromise would reduce the distance between competing interests.

It must, then, be admitted that Protection increases the temptation to Parliamentary corruption, while at the same time those who respect the character of the nation and of its assembly will be loth to assume that those temptations will not, on the whole, be adequately resisted.

* For July, 1903.

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VIII.—THE SOCIAL ARGUMENT.

(b) For Protection.

IN the previous section the authority of Mr. Sidney Webb was quoted for the statement that on the whole the conditions of labour had considerably improved during the Victorian era. But, on the other hand, the same competent economist tells us that there are still in England "at least a million persons, besides the million at any one time in receipt of poor-law relief, who live in chronic want of even the necessities of life."* "Ninety per cent.," writes Mr. Clifford Harrison, "of the actual producers of wealth have no home that they can call their own beyond the week . . . have the precarious chance of weekly wages which barely suffice to keep them in health; are separated by so narrow a margin from destitution that a month of bad trade, sickness, or unexpected loss brings them face to face with hunger and pauperism." "Among a large and increasing portion of the population," wrote Thomas Huxley—no popular agitator, but a man of science, accustomed to weigh his words—" . . . the prospect of even steady and honest industry is a life of unsuccessful battling with hunger, rounded by a pauper's grave."

Unless there were prospect of some improvement in this terrible condition of the artisan classes, Professor Huxley prayed for some kindly comet to sweep us all out of existence.

But change is in the air. The economists of to-day no longer preach a "wage-fund theory," irrevocably condemning labour to receive as its wage only the bare level of subsistence. Professor Marshall, probably the leading English economist, looks forward to higher wages as "likely to hasten the increase of material production." Just as, he suggests, Aristotle and his contemporaries regarded slavery as an ordinance of nature, but subsequent ages have swept it away; so though the nineteenth century regarded poverty as necessary, subsequent ages may secure its abolition. "We are," he says, "at last definitely setting ourselves to inquire whether it is necessary that there should be any so-called lower classes at all; that is, whether there need be any large numbers of people doomed from their birth to hard work in order to provide for others the requisites of a refined and cultured life, while they themselves are prevented by their poverty and toil from having any share or part in that life."

How is this change to be brought about? By *laissez-faire*? It seems hardly likely. If inquiry be

made, it will be found that the main improvements have been made in the lot of the labourer by the desertion of *laissez-faire* principles. Factory Acts, Compensation Acts, Education Acts all involve departure from the old Liberal standards of individualism.

Is not the abolition of *laissez-faire* in matters economic likely to increase the chances of the change to which Professor Marshall looks forward? Is it not in the Protectionist colonies of the Empire that we find the labourer better housed, better fed, and better paid in net advantages than anywhere else in the world? In particular there is one disastrous tendency of modern England with which Protection, and nothing but Protection, is able to cope: the rapid depopulation of her rural districts. Twenty years ago there were more than two million acres more land under corn in England than there are to-day. Are we to wait till there is not a cornfield left us in this our garden-land of England, till we become one vast factory intersected by strips of desert?

Yet experience assures us that it is only under Protection that English agriculture could be made to pay. The whole thing, of course, is a matter of degree. No one would advocate Protection in Scotland to secure the making, to take Adam Smith's instance, of home-made Scottish wine. If the Protective duty requisite once more to repopulate our country districts, and so endow the race with stores of physical strength and mental sanity for future days, were anything so exorbitant as seriously to increase the cost of living to those twelve millions whom Sir Henry Campbell-Bannerman, in his defence of Free Trade, admits to be on the verge of starvation, it might be necessary with, however, great regret, for us miserably to connive at things as they are.

But this is not the case. Competent inquirers assure us that a moderate duty on corn, so moderate as not to seriously increase the cost of living (any slight increase being more than made up by higher wages due to increased national prosperity), would be able just to make the difference between success and failure to our farmers. A wise and moderate scheme of Protection will send into farming a new generation of progressive farmers, ready to use the latest labour-saving appliances, and pay the highest rates for the labour that, in spite of such appliances, must always be required. It is the low wages obtaining under Free Trade that drive the agricultural labourers to join the rush to the towns—this, and the isolation of country life. But with the principle of fiscal non-interference

* "Labour in the Longest Reign," p. 19.

once abandoned, it would be possible for England to try experiments in State-assisted agriculture, such as New Zealand has adopted with such conspicuous success. At Cheviot, for example, near Christchurch, New Zealand, the Government has "resumed" at a fair valuation the whole of a large property which was used by its wealthy owner as a sheep-run, and supported, perhaps, a score of inhabitants all told. Having resumed it, the Government let it out to suitable tenant-farmers on ninety-nine years' leases, lending them, in most cases, capital on which to start. What is the result? A community of some hundreds of prosperous farmers, all of them repaying their debts, paying their way, materially contributing in the present to the welfare of their colony, and rearing healthy families of young New Zealanders to increase that welfare a hundredfold in the time to come.

Such an example seems well worthy the attention of English statesmen, but such an example could not, of course, be followed so long as *laissez-faire* in economics retains its force. But this is only one of many ways in which Protection might enable the condition of the workers to be improved. It is only under Protection that the colonies have been able to pass the Old Age Pension Act, the Arbitration and Minimum Age Acts, which combine to make the lot of the Australian

artisan the brightest in the world. It is, of course, not possible to attribute this entirely to Protection; but it may, I think, fairly be said that under a Free Trade system such experiments must have been impossible.

CONCLUSION.

The previous pages have failed in their object if they have not contributed to convince readers who have read them with an open mind that a case is made out for a gradual abandonment of Free Trade. *Laissez-faire* must yield to *laissez-vivre*. No cut-and-dried system of Protection is indeed possible, no elaborate fiscal scheme protecting every home and colonial industry, no prohibitive tariff excluding foreign trade. No such scheme comes within the range of practical politics.

But the gradual adoption, here a little and there a little, of a wise and moderate scheme of Protection that shall make all nations of the Empire conscious of the ideal of commercial unity, that will make England once more a successful rival in European markets, that shall bring back health to English hearths and life to English villages, seems to me not only desirable but necessary if the Empire is to remain an empire, if England is to remain the England that we know and love.

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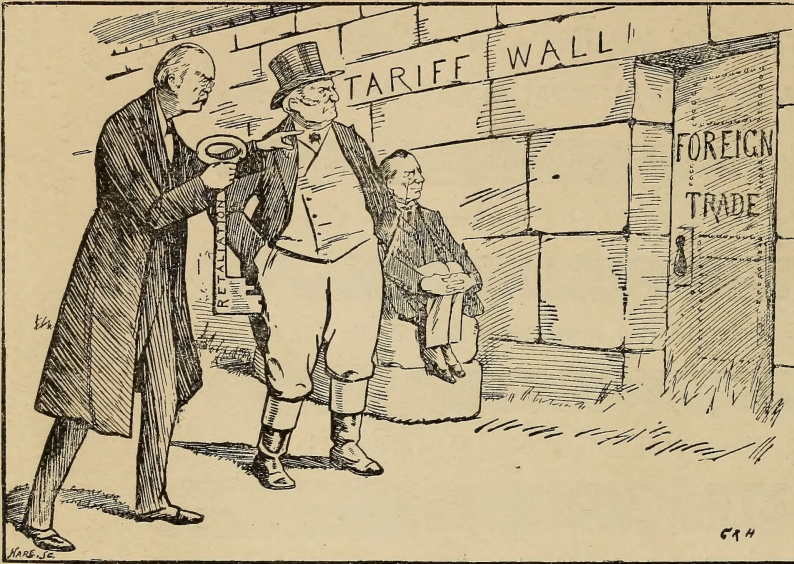
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